CREDIT AND FINANCIAL MANAGEMENT

Selling Customer on Value of Credit

Look before You Decide to Diversify

Diazotype in Processing Receivables

The Cover Picture See Pages 5 and 12

JUNE 1960

NUMBER 6

VOLUME 62

Electricity lights the way

. . . and commercial banks play a big part in illuminating the nation

• • •

Along city streets, down quiet suburban lanes and out across the byways that lead to distant farms—electricity lights the nation's way.

And commercial banks contribute.

With loans and financial services, banks help private companies create electricity, distribute it and extend power lines to new industrial and residential frontiers.

On the consumer side, bank loans frequently help wire the home and provide ready money to buy electrical appliances in neighborhood stores.

The Chase Manhattan Bank of New York, a leading lender to business and industry, is proud to be a part of the commercial banking system that helps private enterprise keep America strong.

THE
CHASE
MANHATTAN
BANK

CHARTERED IN 1799

Member Federal Deposit Insurance Corporation

Editor's Mail

Definite Aid to Profession

"'Executives in the News' is only one of the many fine features of Credit and Financial Management. I look forward each month to the many interesting articles which are a definite aid to our profession."

Francis J. Minard
Credit Manager and Chief Accountant, Lincoln Drug Co., Lincoln, Neb., and president Lincoln Association of Credit Men.

Reprinting Accountancy Article

"We would like your permission to make a special reprint available to A.E.D. members of the article entitled 'What to Look For in Accountant's Report', which appeared in the February, 1960, issue of Credit and Financial Management.

"The making of these reprints available to our Association members has become an extremely popular service. Initially, we send members our A.E.D. Digest, a monthly listing of noteworthy features which have recently appeared in leading national business publications and trade papers affiliated with our industry. This listing gives the name of the article, its author, and a capsule description of its contents.

"By reprinting copies of the article ourselves and distributing them as the requests come in to us, we are attempting to relieve the publishers of the job of handling these requests. Proper credit is, of course, given to the article's source."

Leonard Ernst
Associate Editor, A.E.D. Digest, Associated Equipment Distributors, Chicago, Ill.

A Magazine for the Desk

"Credit and Financial Management, as you present it, is doing a wonderful job. It is one magazine that I am pleased to have on my desk."

George D. Spillane
Meadow Gold Dairies, Denver, Col. President Rocky Mountain Association of Credit Men.

EDITORIAL

SANITY IN BUSINESS

THE PENDULUM has had a very wide swing from the ideas of Thomas Jefferson as to just what constitute the respective provinces of the Federal Government and the States.

Consciously or unconsciously, the slogan throughout the nation today is "Let Congress do it." This mental attitude, largely accentuated in war periods, is congesting the three departments of our Federal Government (Legislative-Executive-Judicial) and can soon jeopardize our freedom, unless we get back to sanity.

In some matters our Constitution has entrusted exclusive authority, control and regulation to the Federal Government. In these spheres we are enjoying the fruits of the far-sighted wisdom of the Constitutional Convention. The Government could not function if in certain features of control and regulation the States were left to their own devices; this is particularly true in the case of interstate commerce.

While the jurisdictions within which States should have authority are not literally defined by the Constitution, we have come to understand that all the powers not specifically entrusted to the Federal Government by the Constitution are left to the States.

As we are presently trending, the powers and obligations of the States are being gradually encroached upon, and Federal control is nearing a top-heavy imbalance.

Varying business interests are now running to Congress on every whip-stitch of excuse.

Self-reliance must be cultivated. I believe firmly that no resort at all should be taken to Federal or State Legislatures except in projects where ordinary individual or business powers are unavailing.

Business must be self-reliant; agriculture should be self-reliant. Building up their abilities to look after themselves, and not seeking the protection or the paternalism of Congress, will help us mightily to relieve the present congestion in the Federal Legislature, and make better citizens of all of us.

Business leaders should take the lead in a program of back to sanity. They should feel genuine pride in working out their own salvation, in removing their belligerency, in fostering cooperation.

In the veins of every red-blooded business leader there should throb this current of self-reliance. It would do all of us an immense amount of good; it would relieve dissatisfaction; it would cause the suffrage to be better understood and utilized. It would prompt Congress to cooperate better with business, and to concentrate on work which cannot be disposed of through any other medium.

Edwin B. Moran

EXECUTIVE VICE PRESIDENT

THE JUNE COVER

THE ACCOUNT was skidding. Preliminary study showed these factors: a dishonest employee, top-heavy inventory with considerable obsolete material, large outstanding indebtedness partly unsecured, a sales and service staff that had "lost its drive".

How the manufacturer's credit management helped rehabilitate the distributor by devising and applying an eight-point program is described on page 12 by Roy R. Lott, general credit manager of B. F. Goodrich Industrial Products Company, Akron. (Biographic sketch on page 12).

In the front cover picture Charles

W. Coffin (center), vice president—manufacturing, is checking a credit item with Mr. Lott (left) and W. D. Matthews, treasurer.

Mr. Coffin was superintendent of manufacturing services for B. F. Goodrich Footwear and Flooring Company, Watertown, Mass., before the call to the present post last year. He had joined B. F. Goodrich in 1930 at Watertown as a designer, advanced to manager of plant development in 1954 and to divisional superintendent of engineering and maintenance three years later.

Mr. Coffin attended Lowell Institute and completed extension courses at Harvard University and Massachusetts Institute of Technology.

Mr. Matthews had started with BFG in 1935 as a field accountant, moved up to traveling auditor, in 1942 to project auditor of man-made rubber plants constructed for the Government by B. F. Goodrich, two years later to chief accountant for B. F. Goodrich Chemical Company, Cleveland, and was treasurer of BFG's Aviation Products from 1956 until a year ago.

FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Management

VOLUME 62 **NUMBER 6**

IN THIS ISSUE

	Page
Sanity in Business—*Editorial by Edwin B. Moran*	4
How to Sell Customer on Value of His Credit	8

A CFM SYMPOSIUM—Executives Emphasize That Mutual Understanding of Line of Credit from the Outset Will Open the Avenue to Counseling and Greater Profit Volume; Credit Manager Must First "Sell" Himself to His Sales Staff and Then to the Customer in Order to Gain His Confidence and Proffer Suggestions to Improve His Operation; Education of the Customer Is Called One of Primary Functions of Credit Management, But Role of Counselor Should Never Be Overplayed

Look Before You Diversify, Advises Company President; 200 Manufacturers Lose on 80 Per Cent of New Products Marketed	14
Public Authorities Are Called Good Folk to Deal With "If They Are Doing What They Should Be Doing"	16
Diazotype Reproduction Is Electrical Supply Company's Key to Economy in Processing of Accounts Receivable	20
Practicable Approaches to Credit Management, and Forecasts, Are Highlights of Clinic on Decade of Decision	33

DEPARTMENTS: Editor's Mail, Page 3——Washington, Page 6——Management at Work, Page 12——Pictorial News of Credit and Financial Management, Pages 18-19——Trends, Page 22——Modernizing the Office, Page 24——On the Personal Side, Page 26——Book Reviews, Page 27——Efficiency Tips, Page 27——Keeping Informed, Page 27—Calendar of Coming Events, Page 32—Executives in the News, Page 34

EDITOR Ernest A. Rovelstad
ASSOCIATE EDITOR Lillian Bermont
CONTRIBUTING EDITOR Carl B. Everberg, Atty.
ADVERTISING & BUSINESS MANAGER Edwin B. Moran

ADVERTISING REPRESENTATIVES

Send copy and plates to 44 East 23rd St., New York 10, N. Y.

Chicago, Ill.—Russell Smith, 205 West Wacker Drive, Chicago 6. Phone: DEarborn 2-5091.

New York, N. Y.—Irving Mallon, 270 Madison Ave., New York 16, N. Y. Phone: MUrray Hill 9-0700.

Published monthly on the 20th of month preceding date of issue by the National Association of Credit Management, 3rd St. and Hunting Park Ave., Philadelphia 40, Pa.

Second class postage paid at Philadelphia, Pa.

MPA BPA

Editorial, Advertising and Executive Offices: 44 East 23rd St., New York 10, N.Y. ORegon 4-5100. Midwest Office: 33 So. Clark St., Chicago 3, Ill. ANdover 3-3096.

(Address all editorial and advertising material to the New York Office.)

Publication Office:
3rd St. and Hunting Park Ave., Philadelphia, Pa.

Washington

¶ THE BILL sponsored by Senator Paul H. Douglas (Dem., Ill.), to require that terms of instalment credit and other loans be disclosed to the borrower in writing, is "founded upon premises which are without any factual support," declared the American Industrial Bankers Association in a written statement.

"There is no finding that at the present time there is an excessive use of credit," said the AIBA, and ignorance of credit costs is not the cause of excessive borrowing.

Thomas C. Boushall of Richmond, chairman of the Bank of Virginia, told the American Bankers Association's instalment credit conference in Chicago that "the welfare of the national economy will be injured far more by a sudden halt and restraint in the extension of instalment credit under the Senator's terms than ever can occur because the uninformed use of such credit runs it to excessive levels". He called the suggested legislation an invasion of state authority.

And witnesses for both the National Retail Furniture Association and the National Retail Merchants Association were among opponents of the bill before the Senate banking subcommittee.

¶ UNLESS Congress removes the 4¼ per cent statutory interest rate ceiling on long-term Government bonds, the inaction will be taken here and abroad to indicate "inflationary bias," said a report to the New York Chamber of Commerce by a committee of economists and financial leaders headed by Roy L. Reierson, vice president of Bankers Trust Company.

The committee found no logical foundation for the argument that higher interest rates across the board would follow removal of the ceiling.

Need to repeal the 4¼ per cent ceiling is as urgent as when President Eisenhower sought the change from Congress a year ago, according to Julian B. Baird, undersecretary of the treasury.

Mr. Baird explained that because no long-term issues had been made in almost a year there was now an "artificial scarcity" that would push their prices up; new bonds would not have the capital gains advantage of outstanding bonds selling well below par; outstanding bonds can be turned in at par for payment of estate taxes and so discount bonds are more attractive than new bonds at par; and new bonds, to attract investors, must have a higher interest rate than the going yields.

¶ WHILE world harvests of leaf tobacco rose to 2,935,200 tons last year, they did not quite reach the record of 3,015,000 in 1958. The estimate by the Food and Agriculture Organization did not include the harvests by Soviet Russia and mainland China.

¶ JAPAN's exports to North America increased by $400 millions last year, part of its postwar record of $3.457 billions in exports, a 20.2 per cent increase over 1958.

¶ CONSUMER CREDIT, including other than instalment credit, reached a record total of $52 billions in 1959, an increase of $5.46 billions over the previous year, the Federal Reserve Board reported. The expansion was $12 millions greater than in the previous record year, 1955.

¶ EXPORT SUBSIDY on raw cotton will be reduced to 6 cents, from 8 cents, on August 1, when the 1960 crop marketing year begins, says the Department of Agriculture. Little change is expected to result in price to foreign buyers because a drop of 2 cents in domestic market price is predicted under an earlier reduction in the price support rate. Sales exceeding 6 million bales are forecast, double the exports from the 1958 crop.

World cotton business is booming, says the International Cotton Advisory Committee.

¶ WORLD EXPORTS at $150 billions last year were 4 per cent above those of record 1957, with industrial countries showing the way, say statisticians of the United Nations.

¶ CAPITAL INVESTMENT in Canada this year will be a record $8.77 billions, a 4 per cent gain over 1959, according to a survey placed before the House of Commons. The chief factor will be an upsurge in forestry and mining investment plus marked increase in commercial new construction to $5.942 billions.

At only 199^{50}* a fully-transistorized Stenorette®-T is the finest, most modern machine you can buy!

With a Stenorette you don't just *correct* errors; you erase them. One button on the handy microphone lets you dictate, backspace, review . . . and, if you say it wrong, erase instantly as you say it again *right!*

You do it on magnetic tape—bell-clear, usable over and over (a big cost saving!). And your secretary types it right the first time. No wasted minutes pre-listening for errors—there are none! No wonder you find your letters, memos, reports "cleaned up" faster than ever.

Stenorette picks up every word in conferences; yet cuts out background noises in personal dictation. Secretaries like the exclusive Automatic Voice Control that keeps playback level uniform—no shouts or mumbles!

Why spend more for obsolete, over-priced equipment that actually offers you less? Ask for a 15-minute demonstration . . . learn about *the revolution in dictation that starts with a Stenorette.*

More DeJUR-Grundig Stenorettes are sold in the U. S. and Canada than all other Magnetic Dictating Machines combined

MAIL TODAY FOR FREE TRIAL IN YOUR OFFICE

DeJUR-AMSCO Corporation,
Business Equipment Div.
Northern Blvd. at 45th St.,
Long Island City 1, N. Y.

6071

Send free booklet: "More Executive Planning Time in the Palm of Your Hand" ☐

Have your representative call for a demonstration and/or free trial in my office ☐

Name________

Company________

Address________

City________ State________

DeJUR GRUNDIG **Stenorette**®

*with dictating or transcribing accessories. Plus FET

How to Sell Custome

Mutual Understanding Opens Avenue to Counseling and Profits

HOW do *you* "sell" the value of credit to your customers? First of all, that is impossible without good-will and working closely with the account, because, in the last analysis, "the quality of service that credit management renders is measured by the performance of the customers."

This credo introduces the many-faceted answers from credit managers in the following symposium by ***Credit and Financial Management,*** but it all sums up in the words that the credit manager must sell himself and his company as friends of the customer in order to gain his confidence. If he feels he must "fight" the creditman he will give his business to another supplier.

Personal calls and letters that are dignified and intelligent as well as firm "will increase the stature of the supplier's personality," writes one executive. At the same time, another cautions that "while we all want to be generous in the acceptance of credit, let's have the 'guts' to say 'NO' when necessary, and then stick to our convictions."

Most important with a new account is that he is given a clear understanding of the line of credit, and conditions. Selling him from the start on the value of his credit "makes it easier to sell him on paying accordingly." Again, "we want our customer to accept the fact that his failure to pay has *required* us to perform the unpleasant task of follow-up."

The customer who is consistently late "provides the greatest opportunity to sell credit's value." The one with limited resources "usually will pay first to the supplier making persistent effort, especially with a personal approach."

Credit executive interest in the question presented is reflected by the many replies received. Another instalment will be published in a future issue.—ED.

Sales Approach Is First Step to Gain Confidence, Promote Product

ROY LANPHERE
Credit Manager
Anheuser-Busch, Inc.
St. Louis, Missouri

MANY business concerns have an erroneous conception of credit and its purpose—accepting it as a just desert due them from their supplier and adopting the attitude that "the more credit I can get, the better." Excessive credit is a detriment to the customer, unless carefully handled, and a burden on the supplier. Hence, it becomes the credit manager's responsibility to educate the customer to the line of credit required and to handle that line of credit judiciously.

To accomplish his mission, the credit manager must adopt a sales approach. He must "sell" himself and his company to the customer and gain the customer's confidence, if he expects the customer to accept counseling from him. This relationship, if cultivated, can do much to promote sales. A contented customer must be satisfied with the product and with his credit relations with the supplier for, other things being equal, he will give his business to a competitor if he has to "fight" the credit department.

Customers today look more and more to the credit manager for counsel. They no longer expect him to be merely a bill collector. If they are not making as much profit as they feel they should, they will toss their P & L in his lap and expect him to find the solution to their problem. If the credit manager is to accomplish his mission, he must take every opportunity to learn everything possible about the operation of the types of business his company sells and, particularly, those of his customers. He must keep fully conversant with economic conditions in his customers' markets.

If the customer account is delinquent, it falls in one of four categories:

1. **The invoice has been inadvertently overlooked.**
2. **There is some controversy over the shipment.**
3. **He is a habitual "rider", using his creditors to finance his operation.**
4. **He is in financial difficulty, either temporary or permanent.**

Collection letters must not aggravate the customer. A courteous request for payment should never irritate him. Never write a letter when provoked or angry. Always assume the delinquency falls into one of the first two categories until proved otherwise. Encourage the customer to inform you if he is in temporary financial difficulty.

There are many implements the credit manager can use to qualify himself to gain the confidence of the customer and counsel him. Maintain close relations with the salesman. He knows the customer and can tell you much. Study periodicals on the customer's line of business. Keep abreast of economic conditions in his market. Know the customer and his organization. Visit him personally whenever possible. Personal contacts do much to cement relations.

If the credit manager qualifies himself and obtains the confidence of the customer, he will have little difficulty selling the customer on the value of credit and proper maintenance of account.

n Value of His Credit

Service Account with a Credit Plan That Will Meet His Budget Needs

E. J. CARR
Credit Manager
The Lang Company, Division
Union Tank Car Company
Salt Lake City, Utah

THE dictionary defines value as "worth, merit or importance. Equivalent worth or return." We naturally conclude that the equivalent worth or return of credit is that the customer meet the invoice requirements. We must, however, be able to adjust to the continually changing economic situation.

Frequently we get a customer letter which reads in part: "I realize that the payments on my account are past due. Believe me, I have tried desperately to meet them. I certainly appreciate your patience in working along with me in this matter." No payment. Of course this leads us to ponder the question, "Is this customer trying desperately?" We want the truth, as does the customer. I was particularly impressed with this recently, on talking before a local Lion's Club meeting. Their questions and responses evidenced their keen interest in the subject of credit management and its effect on society at large.

I have tried to visit most of my local customers and indicate some interest in their business and problems. We must give good service. One of these services is a credit plan to meet the customer's budget needs. This credit selling has to be promoted, advertised, explained and pointed up constantly. I have pointed out to the customer that in a good many cases the payment of cash can only be suicidal. We must recognize the necessity of getting on the credit bandwagon. I stress how he can pay off his indebtedness by monthly payments and how the indebtedness and pay schedule affect his working capital position, his income tax structure, his budgeting, standard of living and how it may answer his question, "What is this financing going to do for me credit-wise? How will it affect my rating?" An appropriate letter, phone call or visit to the new customer would explain the time involved in processing credit information.

Learn to quote settlements on the monthly basis. Look at this as the salesman did when asked how he treated competition. Said he, "I never mention competition." How much it will cost by instalment per month seems to answer the biggest question. Don't mention other plans than the monthly settlement to the customer unless you know he can live with it.

If you were offered a ton of Portuguese Cork at a special price, how much would you pay for it? Perhaps you'd not be interested. But if you were in the middle of the Pacific Ocean and your ship were sinking, then what would you pay for it? Establishment of good credit reputation is like this. Everyone should build credit for future security. When one is in desperate need of credit he should have it within reach.

If He's Short on Working Capital, Additional Paying Time Is Set Up

MISS ELEANOR D. COOPER
Credit Manager
Jessop Steel Company
Washington, Pennsylvania

EXTENSION of credit is based fundamentally on confidence that the customer is able and willing to perform, and that he will live up to his promise to pay a specific sum at a specified date. Credit is equivalent to wealth which increases with care and debases with abuse.

Since credit from the seller's viewpoint is a matter of faith and trust in the debtor, the latter must be convinced that credit is actually the working capital of a company and that, in order to produce and deliver the product, payments must be made promptly. If there is a straightforward approach and a thorough understanding of the seller's terms, there should be no problem, but very often, in the anxiety to "clinch an order," line of credit is overlooked and we wake up with an unintentional "slow pay."

Do we have to sell customers on the value of credit? Basically, all customers have honest intentions and we accept them as such. The sales department in our company works very closely with the credit department. We use very few collection letters, employing rather a form letter calling attention to invoices which perhaps have been overlooked. If this fails to bring a response we ask our salesman to call and ascertain the reason for delay in payment.

If it is a question of short working capital at the time, the credit department is notified and arrangements are made with the customer for additional time. This procedure has seemed to bring about a more cordial and a more closely knit relationship with the customer, which in itself is a desirable accomplishment. A debtor is a man of intelligence and a human being. If letters are employed they should be dignified and intelligent, and they should also be firm.

With all available material today for checking a customer's Character, Capacity and Capital, there would seem little need for selling the value of credit.

Losing Patience Is Sure Way to Lose the Customer Permanently

C. E. WHITSETT
Credit Manager
Link-Belt Company
Chicago, Illinois

THE ASTUTE businessman of today is well aware of the value of a good credit standing and seldom is it necessary to remind him of its great importance. Unfortunately, there are many customers who fail to appreciate the value of a good credit reputation, and this is where the sales ability of the credit manager comes into play.

In our company, we believe the time to educate the marginal risk or slow-paying account is when we receive the initial order. That is when we make it a point to clearly define our terms of sale and our credit policy so there will be no misunderstanding. By being explicit, we gain his respect and make him cognizant of the fact that we expect our account to be paid promptly. If the customer runs into financial difficulties, the chances that our account will get priority are excellent.

It has long been recognized that in collection work the best results are obtained by a close, continual follow-up of accounts, beginning immediately when the account becomes overdue. Particularly where a new account is involved, we try to write the first letter shortly after the due date. It is a form, routine and impersonal, and simply a friendly reminder that the account is past-due. It is usually designed to give the customer a chance to "save face," as we of course want to retain his goodwill.

Subsequent letters become progressively insistent. However, it is usually only at the third or fourth stage of the collection procedure that we endeavor to impress upon him the danger of losing his credit standing. We warn him that it may be necessary to withdraw the open account accommodation, and we point out the cost and inconvenience of C.O.D. shipments. If this appeal elicits no response, then we try to make the customer realize the harmful effect the loss of his credit reputation can have on his business. We remind him that if his major suppliers shut off his credit his company will be operating under a great handicap, that progress will be retarded and eventually it may be disastrous.

At this stage of the delinquency it is preferable, if possible, to contact the debtor by phone or in person. Letters can be easily misinterpreted and can antagonize the customer. Even though there may be no effort on the part of the purchaser to pay and no explanation is given for the delay, we still are courteous and continue maintaining a friendly and helpful attitude. If one loses patience and becomes insulting and belligerent, he may get paid but it is almost a sure bet that he will lose a customer.

If these psychological and practical appeals fall on deaf ears, then the only alternative is to take more positive action. When you do, a large percentage of the debtors will finally wake up and pay.

If it is a fairly sound company, we are inclined to give the customer one more chance to demonstrate that he is entitled to open account. We again review our terms of payment and our credit policy and the value of a good credit reputation.

If he falls down again and fails to cooperate, it is useless to waste any more time. The only solution then is to place the account on a COD or cash basis.

It Requires Imagination to Keep "Key of Credit" Golden and Shiny

GLENN W. STAFFORD
Secretary-Treasurer
The L. A. Benson Company, Inc.
Baltimore, Maryland

TO SELL customers on the value of credit, we use as many ways and methods as we can possibly think of. One point that has stuck with me through the years was emphasized in an article written by the late Henry Heimann some years ago, when he expressed the idea that the "Golden Key of Credit" would unlock many doors. A little imagination will tell you the many different doors this key will unlock, but it takes much work to keep the "key of credit" golden and shiny.

We try to impress upon the customer the fact that his credit standing is one of the most important assets he will ever have. Unless he can keep his credit good, it may mean his orders will be held up, thereby affecting his production and naturally his sales, which are extremely important. On the other hand, if he is one who guards his credit well, a situation such as this is not likely to occur, because his suppliers will go along with him occasionally to tide him over a tight situation. This is done only for those customers who have kept that "golden key of credit" brightly polished. If his problem is more than a temporary one, we try to sell him on the idea of using his bank, because we are not bankers. We feel that a business should keep its credit in such condition that a line of bank credit is available if needed.

Many facts have been revealed to us through consultation, and through customers we have sold on the value of credit, who keep their credit good by discounting their bills. We see a man who is watching his nickels and dimes; we see a man who knows the value of a dollar, and above all, we see a man who has realized that a good credit rating is one of his most valuable assets, and guards it accordingly. These are some of the things we tell our customers, and we feel it all adds up to good customer relations. We also tell them that

it affects their community standing and of course it reflects strongly on character, one of the "C's" of credit.

We tell them that we must look to them for the payment of our bills, because the sale was consummated on the basis of his credit, not on the basis of our being paid when he receives his money.

Frank Discussions Open Way to Give Information to the Slow-Pay

EDWIN J. OEHLSCHLAEGER
Western Credit Manager
General Foods Corporation
Oakland, California

ARTHUR BRISBANE, expounding on the value of advertising, emphasized "To sell 'em, tell 'em." To sell customers on the value of establishing and preserving their credit standing, it is necessary to tell them when they do not meet your credit requirements or abide by your terms of sale.

The food industry is a low profit industry in comparison with many others. Because of this, there is little desire among food processors and distributors to risk credit losses or to finance funds tied up in slow-moving receivables. This fact dictates that credit representatives for the food industry be realistic in the administration of their credit responsibilities. They must be able to explain —clearly and without apology—that the extension of credit is a service privilege available to those customers who will not abuse it.

Fortunately, most customers need very little reminding of this basic fact of business life. Of the ones that do need reminding, the customer who is consistently late with his payments provides the greatest opportunity for your efforts to sell the value of credit.

General Foods credit managers operate under a philosophy of credit management which believes in personally approaching a delinquent customer to determine why he is slow pay and whether you can assist him with his problems. The frank discussions which generally ensue from a contact of this kind can open the door for you to pass along needed financial and operations knowledge. This willingness to help will make you a bigger man in the eyes of your customer and make it easy to explain that a request for payment of a past-due is not an insult, but a matter of economic necessity.

It is also part of our philosophy that a customer with limited resources will usually pay first the supplier who is most persistent in his collection efforts, especially if he uses a personal approach.

We try to emphasize that a supplier, through credit, is actually providing operating capital for his customer. This point isn't hard to make among food distributors and retailers, many of whom operate with limited working capital and depend on a quick turnover of inventory and receivables to meet their bills. It is even possible to name a number of fast-selling items which permit a distributor or retailer to actually use the proceeds of the sale of these items for varying periods before paying the invoice involved.

We have heard a great deal about credit being "cheap." We cannot agree with that concept. So-called cheap credit is expensive to the grantor as well as to the recipient. Responsible credit management will constantly stress the real value of credit, remembering Daniel Webster's words, "Credit has done a thousand times more to enrich mankind than all the gold mines in the world."

Helps Customer Identify Himself As Controlling Factor of Credit

JACK A. FLUGA
Credit Manager
V-M Corporation
Benton Harbor, Michigan

SOMETIMES I wonder if we ever do sell customers on the value of credit! We have a philosophy about this at V-M Corporation which seems to meet with some success.

In our credit relations with our customers we constantly strive to impress them with the fact that our actions are merely counterbalances to the actions that they take. We say that our customers completely control the V-M credit department. If a customer does not pay within our terms, he will *force* us to write him a credit letter; if he takes unearned discount, he will *force* us to bill him back for this; and if he refuses to pay, he will *force* us, even though we don't like to do it, to turn his account over for collection.

In effect we try to say, "We are not doing this to you; you are doing it to yourself. You and your credit are synonymous because you direct it completely."

We want to lead our customers away from the idea that we are hounding them for their money when we follow up the account. We want them, instead, to accept the fact that their failure to pay has *required* us to perform the unpleasant task of credit follow-up.

The customer should realize that there are many avenues open to him to prevent credit problems from arising. Obviously he can pay on schedule, but also he can contact us and advise us of a specific delay. When he finds himself unable to meet our regular terms, he can offer us a payment schedule that he is sure will be met.

It is our hope that identification of himself as the controlling factor of his credit problems with suppliers will be a step in the direction of raising the customer's sense of value of credit.

(***Symposium to be Continued***)

MANAGEMENT AT WORK

.... a problem case is solved

By ROY R. LOTT
General Credit Manager
B. F. Goodrich Industrial Products Co.
Akron, Ohio

FINDING a cure for a financially sick customer is always more difficult than practicing "preventive credit" that keeps him financially healthy.

Every credit problem can be traced to a specific cause. If we enjoy the confidence of a customer, a potential problem can be detected and corrected before serious trouble occurs. The alternative, often, is failure—resulting in a loss for both customer and creditor.

A distributor who had represented us for many years found himself in financial trouble a few years ago. Things looked so bad that it was doubtful, at first, that the business could survive. Among the factors that caused the slump: a dishonest employee; a large inventory containing many remnants and a substantial quantity of obsolete material; a sales and service organization which had lost its drive; a large outstanding debt, both secured and unsecured; a general condition which bordered on insolvency.

On the other hand, one important intangible—it seemed to us—outweighed this near chaos, offered promise in what otherwise seemed an utterly hopeless situation. The president, who was also the principal owner of the company, was honest and highly regarded in the area served by the company. His business had been well established before the sudden, disastrous plunge.

Without question, as we saw it, the most important asset remaining in the business was the intense pride of the company's president. The thought of impending failure was alien and repugnant to him.

How did B. F. Goodrich Industrial Products Company meet this situation? By suggesting a joint meeting between BFG credit and sales management and our distributor. Our first objective was to make clear that no program would be adopted unless it was in the distributor's best interest as well as our own. Point number one: revival of the business was not to be a one-sided affair—both BFG and our customer would share the responsibility and any benefits would be mutual.

All the factors were thoroughly analyzed and a pattern soon began to take shape toward a solution of the situation. Because a feeling of mutual trust and cooperation existed between us, we were able to develop a plan that permitted extension of additional credit by us, as well as other suppliers, and granted our customer the needed time for rehabilitation of the business.

Here is the prescription we offered our financially sick customer.

1. Convert your indebtedness to our company into notes, with provision for specific monthly reductions. Future obligations to be paid on a discount basis.

2. Purchase orders in excess of an agreed-upon amount received by the customer to be assigned to BFG as collateral.

3. Capital stock in the corporation to be placed with BFG as collateral with voting rights under certain conditions.

4. Existing personnel reorganized with some reductions.

5. Inventory to be written down to a true value.

6. Receivables to be analyzed to determine available cash.

7. Increased sales help from BFG sales organization.

8. Frequent counseling sessions with BFG credit organization to help guide the course of business.

Because of the spirit of mutual confidence, developed through years of ethical business relations, this prescription sounded like "good medicine" to our distributor.

I am happy to record that, as a result of this mutually acceptable program, our customer returned to a profitable basis of operation within a very short time and has now paid off all old debts.

The once-distressed company is headed for a future that looks better than ever, with its solicitation and service programs operating on a new plane of efficiency. All bills are being discounted and suppliers are happy. Once again, the firm is a healthy economic factor in its community, providing essential jobs as well as needed goods and services.

This is not an isolated example of how BFG's "preventive credit"

ROY R. LOTT, a year ago named general credit manager of B. F. Goodrich Industrial Products Company, a division of The B. F. Goodrich Company, Akron, had joined the company in 1926 as a production worker in the molded goods manufacturing department.

The following year he entered production planning, and in 1929 he was assigned to the company's Akron credit department. Since then he has continuously held credit assignments in the field and in Akron. In 1953 he was made staff credit manager for BFG's Industrial Products Company.

Mr. Lott for several years attended University of Akron evening classes.

principles can "save the day." Too, possibly there may be an occasional "good" case history in development at this moment, and perhaps about to burst into a critical status that requires an enlightened, affirmative, human concept of credit management to fill the breach.

Three Factors in Problems

When called upon, we'll be ready to act. This much we know: credit problems arise from three chief factors—1) lack of sufficient capital; 2) poor management; 3) occurrences beyond control of the customer.

But, the "human element" differs with each case—remains the great intangible and the major influence on decisions in the area of credit and financial management.

When the cause of the credit emergency has been determined, then the proposed solution must be within the capacity of the customer. At this point, human relations takes precedence over all. A customer has emotions and they must not be ignored. He has pride, which sometimes makes it difficult for him to admit his weak points, even to himself. Any plan to solve a credit problem must recognize and guard against the weak points and emphasize the strong points.

In the end, the only one who had the right to be proud of his accomplishment in the case cited was the company president. BFG, through its function of credit management, could only provide the tools and guidance to assist him in doing the job he knew had to be done. And, without mutual trust, the life-saving credit program would never have had a chance.

Inflation Is America's Most Serious Threat, Says Andrews

Inflation is confronting America today with the most serious threat in its history, T. Coleman Andrews, former U.S. commissioner of internal revenue, told 500 members of the National Security Traders Association, at their Boca Raton (Fla.) convention.

Mr. Andrews, chairman and president of American Fidelity and Casualty Company, Richmond, Va., said Americans have the wisdom to preserve their freedom "but it remains to be seen whether we have the good sense and the courage".

LOOK BEFORE YOU DIVERSIFY!

200 Manufacturers Lose on 80 Per Cent of New Products Marketed

DESIRE for corporate growth is the primary and specific reason for product diversification, and the competitive spirit with which a company initiated its operations almost always prevails throughout its life, regardless of changes in ownership and management, says John D. Williamson, president of The Frito Company, Dallas.

J. D. WILLIAMSON

For any proposed diversification move through development, acquisition and adaptation, he ranks these four considerations concerning the product as basic: 1. Does it fulfill a need or want? 2. Can the company produce and market it profitably? 3. Can the company afford it? 4. Will it add something to the corporate growth and image?

Obtaining the correct answers can be difficult; witness the fact, brought out in a recent study, that 80 per cent of the new products actually marketed by 200 leading packaged goods manufacturers failed for reasons other than insufficient capital.

"Of course, a number of sub-headings could fall under each of the four primary considerations," the executive adds. "Certainly you would want to have detailed information concerning the competitive environment, a long-range estimate of sales, consumer appraisals of the product."

Citing the unprecedented product diversification since World War II and the current executive interest amid the advantageous atmosphere of a dynamic economy, Mr. Williamson explains:

"In such an economy, consumers are more receptive to change. Standards of living are elevated rapidly, creating new demands, new markets and new products. People seemingly are displaying the same enthusiastic desire to get ahead in everyday life as they do in the traffic rush each evening. As a result, people buy or don't buy, markets boom or don't boom, and it becomes increasingly difficult to determine why.

"Whether the changing consumer environment is the cause or the effect of diversification, I feel certain that the expanding frontier of new product development and diversification will grow larger and larger in the immediate future."

The reasoning behind the successive steps of The Frito Company's diversification and the procedures adopted may well serve as cues for programming by other companies.

In holding risks to a minimum, Frito's expansion has been into fields in which the general management is already experienced. Every effort has been made to utilize to the utmost the services of its engineering, research, cost accounting and market analysis departments prior to final decision on the marketing of a product.

"For example, the cost accounting department is primarily concerned with the profit contribution of the product, the major comparison being to other products at a variable margin point before fixed expenses are taken into account. However, additional studies are made when a new product requires a new plant building, an extension on an existing plant or available space in an existing plant. Or, the new product might require a different method of distribution.

"Thus it becomes necessary to determine at what sales volume the variable margin will offset the expected fixed manufacturing and selling expenses. Too, consideration is given to special or extra costs necessary to get the product 'off the ground'.

"Our market surveys and analyses department furnishes vital statistics relative to distribution and sales of a product." So, when a certain new item was introduced in a test area, the company was able to estimate within 8 per cent the number of outlets in which distribution could be gained. Estimated volume was less than 1 per cent off actual sales.

As to whether decision to diversify comes first and the finding of the new product follows, or vice versa, Frito has used both methods.

Compatibility of products is one factor. When a canning company approached the concern with a certain product it was concluded that this canned item and a new larger size Fritos could greatly benefit each other. Each proved successful from the start, and so Frito has purchased the entire stock of the other company.

In that instance the product came to Frito and the latter found a way to diversify. The reverse was true in another case.

Frito in 1952 had purchased a company making chili and tamales, cold weather items and so "a built-in reason for diversifying." Frito thereupon developed a canned barbecue beef for ready use in summer months. "In diversifying, you don't always have the horse before the cart."

Diversification sets limitations on growth and profit, Mr. Williamson told members of the Dallas Association of Credit Management. "For example, a company that diversifies in

---

JOHN D. WILLIAMSON, president of The Frito Company, Dallas, had been executive vice president of Dittmar & Co., Inc., investment bankers, before joining Frito in 1954 in the same capacity.

Mr. Williamson is a director of Southwest Products, Inc.; Vilapix, Inc., of New York; and Dallas County Chapter, American Red Cross. He formerly was a director of South and East Dallas Chamber of Commerce; state chairman, National Association of Securities Dealers, and state chairman, Investment Bankers Association of America.

---

only one field can grow no larger than the field itself. This is why many companies have diversified outside their primary field."

These twelve basic reasons have prompted diversifying at Frito: 1. Take advantage of "know-how." 2. Utilize marketing capacity. 3. Capitalize on market position and trade name. 4. Make use of favorable acquisition opportunities. 5. Build a corporate image. 6. Meet competitive products. 7. Distribute risk. 8. Capitalize on market contacts. 9. Meet demands of dealers and consumers. 10. Obtain new management material. 11. Eliminate seasonal slumps. 12. Maintain assured supply source.

Mr. Williamson recites a series of his company's moves in the acquisition phase of diversifying. These acquisitions variously brought into Frito a number of outstanding products, the means for quick and effective marketing of Frito's brands in underdeveloped markets, new management material, additional patents and processes, competitive products, representation in marketing departments, widened foreign distribution.

Finally, "it is of utmost importance to have one individual in charge of coordinating the many departments concerned in development of a new product. For example, at one time Research may be testing the staying qualities of ingredients, Packaging trying out various materials, Advertising working with designers on finished packages, Sales researching the competitive situation and forecasting potential sales, Cost Accounting comparing costs and margins with established products. Thus the need to assure fluid continuity in evolution of a new product, from idea to grocer's shelf, is apparent."

Many Disabled Barred from Pre-Retirement Payments

Strict interpretation of the Social Security Act has caused rejection of claims of many disabled workers after age 50 but before retirement age, says Commerce Clearing House.

The law defines disability as "inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration."

Public Authorities Are Good Folk to Deal With If They Are Doing What They Should Be Doing

By J. U. ANDERSON, JR.

Kirkpatrick, Pomeroy, Lockhart and Johnson

Pittsburgh, Pennsylvania

IN DEVELOPING financing devices for public projects, it has proved necessary for legislatures to provide for the creation of many types of public corporations. These are variously called authorities, commissions, or, in some states, districts. These authorities, among them local authorities such as created in Pennsylvania under the Municipal Authorities Act of 1945 and similar authorities formed under Pennsylvania's Parking Authority Law, are very numerous and are the ones with which creditmen will have their most frequent contacts.

J. U. ANDERSON, JR.

Almost all major authority projects are financed by issuance of authority revenue bonds, which have proved attractive to many investors. Payment is usually secured by an indenture which provides in detail how the authority must handle its receipts and revenues. For certain types of financing, the municipality may enter a lease with the authority and rental payments may constitute all or part of the authority's revenues. However, lease rentals are always payable solely out of current revenues of the municipality and are construed not to be municipal debt nor a pledge of full faith and credit.

Major authority financing is for large-scale projects rather than small stop-gap borrowing or creation of subordinated debt. Until the date on which the authority enters into a firm contract for sale of its bonds, it has little or no money, no assurance of future revenues, and no right to credit on any reasonable basis. There are some exceptions. If a project falls through, no one gets paid unless payment has been guaranteed by the municipality or some other person having financial responsibility.

Most authority credit problems come on execution and delivery of the trust indenture. Because of an unwritten duty to the public to finance public projects as economically as possible, the security for the bonds must be made attractive to prospective bondholders, at the lowest rate of interest. Certain projects can be so arranged that the authority's primary source of revenue is a municipality or a reliable business corporation which will pay less rentals. The most important inducement, however, is the arrangement in the trust indenture.

Differences between corporate indentures and authority indentures are of critical importance to the creditman. Private and public financing involve different security, differing accounting practices, different creditors' rights and different trustee functions.

JOHN U. ANDERSON, JR., who attended Deep Springs College, Stanford University (A.B. 1947), and Cornell Law School (LL.B. 1950), has been associated with the firm of Kirkpatrick, Pomeroy, Lockhart & Johnson, Pittsburgh, since 1950.

Mr. Anderson was admitted to the Bar in 1951 (Allegheny County, Pennsylvania Superior Court and Pennsylvania Supreme Court).

Suppose we analyze briefly a typical authority trust indenture. A water authority pledges to the trustee all net receipts and revenues of its water system as they are defined in the indenture and all moneys, securities and funds at any time held by the trustee pursuant to the indenture. To know what this means we must refer to the indenture definitions.

Net Receipts and Revenues means all receipts and revenues from owning, operating and leasing the water system, including operating and nonoperating revenues, less current expenses. Current Expenses are the sum of administration and operating expenses. Administration Expenses are limited in scope and refer chiefly to fees and expenses of lawyers, engineers, accountants and authority board members, with certain exclusions. By Operating Expenses are meant the *reasonable* and *necessary* expenses of the operation and ordinary maintenance and repair, with certain exclusions and inclusions.

At the time the sale of the bonds is closed, the authority and the trustee file a very simple financing statement (in Pennsylvania under the Uniform Commercial Code). A careless reader might think of this as notice of a pledge of the net receipts and revenues of the authority after payment of all current bills. Not so. To be a current expense under the indenture a current bill must be justified under the definition of either Administration Expenses or Operating Expenses. If the bill cannot so be justified there is no money for its payment. Too, if the current bill does not represent a budgeted item the authority has no right to pay it.

The trustee has a trustee's right to all moneys in excess of reasonable and necessary operating and administrative expenses, but elsewhere in the indenture is a statement that *all* moneys are trust moneys. This makes clear that *all* the revenues must be handled strictly in accordance with the indenture provisions. A current bill must be a type contemplated by the indenture if it is to be paid.

The authority's contracts for work or purchases exceeding $500 in value must, with certain exceptions, be advertised and awarded to the lowest responsible bidder. Ignoring this provision voids the contract and nullifies the bill.

Furthermore, the pledge clauses and indenture definitions vary from authority to authority. The only answer for a given situation must be

found in the appropriate trust indenture and the trustee's interpretation.

Imagine you are in the business of buying automobile paper without recourse. An automobile dealer comes to you with a certified resolution of the authority's board authorizing purchase of a station wagon to transport board members to and from their meetings. The dealer is informed the authority will not sign chattel paper but will pay some cash and give an unsecured note for the balance. Will you buy the note?

First you must ask yourself these questions: Is the auto reasonable and necessary operating equipment? If not, is the purchase a defined administration expense? Provided for in budget? Did authority advertise and award bids in accordance with law? Will authority's revenues permit payment of note and permit deposit with trustee of all amounts required by indenture?

If you resolve all these questions in favor of the loan, what do you have? If you had your facts straight you can sue. If you win you have a judgment. What can you do with the judgment? Not much.

Suppose you have an additional customer who built a reservoir for the authority. It was to be paid for by the trustee out of the construction fund, but this ran dry while your customer still owed $10,000. Still another customer owns coal rights near the authority's source of water. The authority built a dam and impounded a large lake over the customer's coal so it can't be mined. The customer has sued for damages. If, as and when all these claims are reduced to judgment, what chance do your customers have of collecting?

Extended research on an opinion of counsel in connection with an authority bond issue concludes that a body corporate and politic created under the Act of 1945 (Pa.) is a public corporate body within the meaning of the Act of 1836 and a

The man who has accomplished all that he thinks worthwhile has begun to die.

—E. T. Trigg

A toastmaster at a dinner is the person who gets up to tell you the best part of the evening is over.

—Banking

municipal corporation under the Act of 1845.

Therefore it would be well to advise those customers who are creditors of authorities in this vein: If the authority refuses to pay, you will have to go through a long and expensive court action to require the authority to raise its rates in order to create a surplus for eventual payment of the debt.

It would be wrong to create the impression that authorities are not reliable groups to deal with when they are operating within the framework of their construction program and their legitimate current expenses. When a contractor receives a signed contract from an authority, the authority has in hand or available more than enough funds to pay the contract debt. If the construction fund proves inadequate, the indenture usually gives the authority a qualified right to float additional bonds.

With regard to its current expenses, the authority is like any other businessman. If it doesn't pay its debts, no one will do business with it. Payment of current expenses is the first charge on the gross revenues of the authority. And the indenture contains a rate covenant in which the authority promises to fix and charge rates sufficient to permit making all deposits and payments required by the debenture, including payment of current expenses.

We stated that authority bonds have proved attractive to bond purchasers. By now, the reasons should be obvious. These bonds should be attractive. The bondholder is exceedingly well protected. But other creditors will also find that authorities are good people to deal with as long as they are doing what they ought to be doing.

(Concluded on page 23)

BUSINESS, finance and the economy were discussed by newspaper and wire service specialists at the Financial Editors Round Table of the New Jersey Association of Credit Executives. (L to R) Edward J. Burke, columnist Newark News; Elmer C. Walzer, financial editor of United Press International; W. Ed Foster, treasurer Shoup Owens, Inc., association president; Earl R. Mellen, retired board chairman of Weston Instruments Division of Daystrom Incorporated, association past president; Thomas E. Mullaney, assistant financial and business editor New York Times; and Walter Breede, Jr., recently of Associated Press.

The presentation was arranged by Earl Felio, treasurer, Colgate-Palmolive Co., NACM director, past president Credit Research Foundation, public relations chairman New Jersey association.

OFFICERS AND DIRECTORS *elected for the newly organized New York Chapter of the NACM Graduate School Alumni Association: (Front row) Percy Hunt D'57, director; Dave Lewis D'57, vice president, and Lloyd Sinnickson D'55, secretary-treasurer. Back row: newly elected directors C. Houghton Birdsall, Jr. D'55, Robert M. Gardinеer D'53; and George E. Gaba D'51. Charlie Bound D'57 was chairman of the nominating committee. Not in the picture is the newly elected president, John F. Bertelsen, D'56.*

FOR OUTSTANDING *contributions to credit management, Milton H. Anderson (above left), district credit manager of Graybar Electric Company, was honored with the Credit Man of the Year Award, presented at the annual meeting of the Cincinnati Association of Credit Management by Irwin Stumborg, assistant treasurer Baldwin Piano Company, NACM past president.*

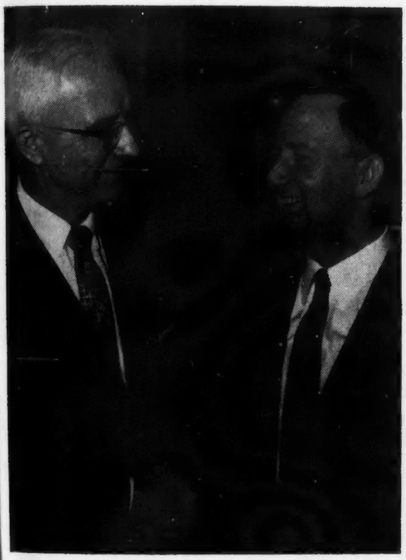
Mr. Anderson began with Graybar in Chicago as mail clerk and errand boy for the district manager, transferred to the credit department and in 1933 was given a territory of his own. In 1946 he was transferred to Cincinnati. Past president of the Cincinnati Association, he has served on several committees of National. He was vice chairman 60th Annual Credit Congress.

JOSEPH CRAUGH (right), president and general manager, Utica Mutual Insurance Company, addressed the Central New York Association of Credit Men on "The Present State of Our Economy." Arthur Mauthe (left), treasurer Durr Packing Co., is association president. Wesley C. King (center), vice president Utica Mutual, who has held all offices in the association, chairmanned the meeting.

MEMBERS of NACM's National Insurance Advisory Council were guests of American Credit Indemnity Company of New York, at the Baltimore Country Club, for their mid-year meeting. The Council's vice chairman, August F. Stone, who recently retired as the company's president, and James L. McCauley, who succeeded him in the presidency, were hosts at the luncheon meeting.

Left to right: M. O. Dakin, Riggs-Warfield-Roloson, Inc., Baltimore; T. F. Glavey, The Chase Manhattan Bank, New York; Sidney Alexander, S. Stroock & Co., Inc., New York; Mr. Stone; E. B. Moran, NACM executive vice president; G. T. Cowan, Johnson & Higgins, New York, Council chairman; R. L. Roper, NACM staff representative, New York; C. S. Cooper, Fireman's Fund Insurance Co., New York; E. F. Kane, American Credit Indemnity Co.; Mr. McCauley; P. A. Zimmerman, The Surety Association of America, New York; A. J. Hand, U. S. Fidelity & Guaranty Co., New York; J. B. Nichols of the host company; and W. E. Jeffrey, Marsh & McLennan, Inc., New York.

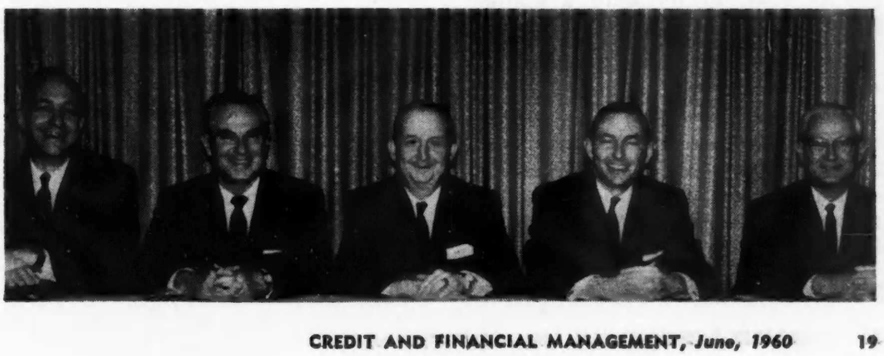
Among topics discussed: what a creditman should look for in appraising his customer's coverage, extension of Councils in NACM affiliated units, developments in nuclear radiation, jet vibration and other special hazards. (Copy of minutes available on request)



FORMER GOVERNOR ***C. William O'Neill (right) of Ohio addressed the Wheeling (W. Va.) Association of Credit Management on "Business and Political History." He was introduced by Michael J. Kasarda (left), member of the board of Bethany College, where Mr. O'Neill conducts a weekly seminar on practical politics.***

HONORING NACM's ***president William L. Holmes, assistant treasurer of Schlumberger Well Surveying Corp., Houston, and Mrs. Holmes, 25 officers and directors of the Credit Managers Association of Southern California and their wives met at dinner in the Beverly Hills hotel. Seated (l to r): G. W. Sites, Los Angeles Times-Mirror Co., NACM vice president Western Division; Mr. Holmes, and E. F. Gueble, The Garrett Corporation, National director; standing, F. M. Miller, Foremost-Golden State Dairies, president of the Southern California association; and L. J. Fortner, its executive vice president.***

PANEL-DISCUSSING ***four companies' credit systems, a presentation by the St. Louis Chapter of the National Institute of Credit, were (l to r) L. C. Lussky of Pet Milk Co.; moderator S. M. Cole, Ralston Purina Co.; P. J. Wilder, Century Electric Co.; T. W. McLaughlin, Graybar Electric Co.; and W. C. Schweer, Laclede Steel Co.***



Diazotype Reproduction Is Firm's Key To Economy in Centralized Receivables

USE of the Copyflex diazotype reproduction system is the key to an economical centralized accounts receivable system being used by Incandescent Supply Company of California. The firm manages a recently formed group of independent electrical supply distributors in Northern California.

The new group is made up of 10 operating companies in major California markets, including San Francisco, Oakland, Los Angeles, Fresno, San Jose, Redwood City, Stockton, Sacramento, Redding and Pasadena.

The management company handles group buying, management assistance, operating statements, operating analysis, payment of purchases, accounts receivable, and all payroll, bookkeeping, legal and insurance services.

MONTHLY BILLING at Incandescent Supply Co. is done on translucent forms which are produced on Bruning Copyflex diazotype reproduction machine. 71,000 copies of these forms are made each month on the Copyflex.

Six-part order form of ICS incorporates a translucent invoice which also is reproduced on the Copyflex for necessary distribution.

Efficiency and Economy Emphasized

As might be expected from a dynamic, cost conscious management group, the firm's internal operations are carefully scrutinized to improve their efficiency and cut overhead costs.

The order-invoicing technique now used by the firm is a good example of this philosophy in action.

The firm uses a six-part order form, consisting of a posting copy, customer's invoice, duplicate invoice, file copy, salesman's copy and packing slip. The customer's invoice is printed on translucent stock to facilitate duplication on Copyflex diazotype copying machines, made by Charles Bruning Co., Inc., Mount Prospect, Illinois.

The operating companies receive orders written on various forms by salesmen in the field and customers. The order information is transcribed onto the six-part form. Phone orders are copied directly onto a similar form.

Next, a credit check is made, and this is followed by checking a Kardex* file to make sure that the inventory necessary to fill the order is on hand. At this point, items to be shipped are subtracted from the Kardex record so that there is a running control on all inventory.

Then, the entire six-part form goes to the shipping department where quantity shipped, items shipped, and means of shipment are indicated on the six-part forms. The bottom copy of the form—the packing slip—is detached by the shipping department and sent with the merchandise to the customer.

Following shipment, the remaining five forms are returned to the individual office. There, back orders are filled. Then, the forms go to a price clerk, where items are priced. A comptometer operator extends and totals.

The billing department checks all figures, and separates various sheets of the six-part form. The posting copy goes to the management company where it is posted to accounts receivable.

The Copyflex in Action

The invoice is sent to the operator of a Bruning Copyflex diazotype copying machine. The operator uses the machine to reproduce the invoice in sufficient number for distribution. Usually two copies of the original invoice are made with additional copies depending on customer needs.

The translucent invoice original is placed face-up on a sheet of sensitized Copyflex paper. Both sheets are fed into the machine together. They are held automatically in close contact inside the machine as they travel around a glass cylinder that houses a light source. Ultra-violet light rays shine through the cylinder to deactivate the diazo coating on the Copyflex paper wherever the light is not blocked by opaque marking on the original invoice.

The original is returned to the operator and the exposed Copyflex sheet passes through rolls that apply a thin film of developer. This developer converts the diazo coating remaining on the paper into sharp black images.

Black-Line Copy in Seconds

Seconds after insertion, the machine delivers a flat, dry, black-line copy of the invoice. Additional copies can be made without loss of sharpness or image density.

The file copy of the six-part form is sent to an alphabetical file for

* Product of Remington Rand

permanent record of the shipment and sale. The salesman's copy is mailed to the salesman to inform him that the order has been shipped and to give him sales prices and other necessary information.

The posting copy is sent to the management company accounts receivable department. At the management company, the information is posted to the customer ledger.

Since the management company is the accounting center for all of the operating companies, accounts of all order invoices are payable to Incandescent Supply Company. Although invoices are sent out along with each customer order shipped, customers do not pay the bills until they receive an end-of-the-month statement from the management firm.

Complete Record of Each Account

This statement carries a list of all orders shipped during a given month, and also includes a billing for unpaid previous orders. The statement serves as a complete record of each account—showing all charges and credits. This single sheet statement is printed on a translucent sheet. Posting is done automatically on an Underwood-Sundstrand Posting Machine.

When the statement is completed, two copies are made on a Copyflex machine; one for the customer and one for the operating company. The original statement remains in the accounts receivable department for additional future posting.

COPYFLEX machine at Incandescent Supply Company quickly turns out number of copies of statements wanted. The process does not require stencils, hard to file masters, negatives, messy inks, darkroom facilities or subdued lighting. Since a vapor developer is not used, vents for removal of fumes are not needed.

7,000 Copies Each Month

According to Richard A. Phillips, secretary and treasurer of Incandescent Supply Company, over 7,000 copies of these statements are run each month. He explained that use of the Copyflex System to replace other methods used in the past has saved the firm 30 per cent.

"Since our copies are sharp, clear, and easily legible, there is no need for reduplication due to poor copying," Mr. Phillips said. "We selected the Bruning method from among various systems used by member companies as being the most efficient for our purposes.

"Our Copyflex system eliminates the old fold-over statement method; no heading of statements at the beginning of the month; no aligning of statements with ledger sheets when posting during the month, and no need to tear statements apart the end of the month to remove carbons.

"We also use the Copyflex machine for multiple duplication of a large number of other accounting forms; ageing list of accounts receivable, balance sheets, profit and loss statements, budget reports and other forms. We make one master of these forms and Copyflex takes care of additional copies.

"Copyflex is a fast, flexible, and easy to handle system. Copies are easy to read and inexpensive. Continuous feed is time-saving and the ability to copy any desired form length is a big advantage."

RCA Opens Wall Street Data Processing Center

Equipped with two RCA 501 electronic data processing systems, the 45 Wall Street data processing center to serve business and finance was opened by Radio Corporation of America, the first of a planned national network. The center is expected by the company to cut brokerage paperwork in half. Processing costs will range from 50 cents to $1.50 per trade in most cases, called a saving of up to 50 per cent. John L. Burns, president of RCA, at the opening predicted that "the business of tomorrow will have a direct line to a computer center."

Trends

in commerce

in industry

in finance

A Better Second Look

INSTEAD OF the January-predicted drop of 10 per cent in farm income this year, economists now are saying it may not drop at all and may even increase in the corn belt area, all of which is causing farm equipment manufacturers to take a second look at prospects, William J. Grede, president of J.I. Case Company, told stockholders.

Export Competition

FIRST LINE of defense for the dollar abroad should be a "vigorous anti-inflationary policy at home," declares the American Bankers Association advisory committee on special activities, in a report on "The State of the Dollar."

The United States is not immune to the discipline of the balance-of-payments which "led to control of inflation in Western Europe and Japan," says the committee.

"Administration pressure on Western Europe to relax dollar import restrictions and to take up a share of the financing of underdeveloped countries, if fully successful, should aid our payments position."

$172 Millions for Advertising

COMMERCIAL BANKS will spend $172 millions on advertising this year, an increase of more than 20 per cent over 1959, the advertising department of the American Bankers Association estimates, after studying the replies of 3,192 banks to a questionnaire.

Service Charges Climb

MUNICIPAL search for non-tax revenue has brought in more than a sixfold increase of dollars from the citizenry in two decades, by charges for services ranging all the way from recreation facilities, housing, school lunch programs and hospitals to book sales, auditorium rentals, refuse collection, snow removal, water.

Of the $5 billions total general revenues local governments collected from their own sources in 1940, some 10 per cent came from charges and miscellaneous revenues; by 1957 the latter accounted for 20 per cent of the $18 billions gathered.

Things Not as They Seem—After Taxes and Inflation

The purchasing power of the $12,000-a-year man today is no better than that of the $5,000 man of 1939 after taxes and inflation have raided his earnings, says the National Industrial Conference Board.

In its "Road Maps of Industry" series, the Board spells it out this way. In 1939 the husband and father of two with a gross salary of $5,000 had $4,941 to spend after taxes. His counterpart in 1960 must earn $12,307 to net that amount, in the "two-way squeeze".

How to Correct Imbalance?

RECOMMENDED by the research and policy group of the Committee for Economic Development, Washington, to reduce the outflow of gold and dollars:

1. A strong anti-inflationary fiscal, monetary and debt-management policy to increase the "attractiveness of American goods and services in world markets";
2. Removal of discrimination against the dollar, and trade and payments restrictions, and in some cases, high tariffs;
3. Larger contribution by other industrial nations "to the common burdens of defense and economic assistance."

A Swimming $Billion$

A BILLION DOLLAR sales year for the swimming pool industry, with anticipated construction of 85,000 new pools, is predicted in the 1960 market report of *Swimming Pool Age*. Publisher Robert M. Hoffman calls it the second-fastest-growing industry, as the survey notes that in 1959, instead of the forecast 62 thousand new pools at a cost of $700 millions, there were 70,000 built with an outlay exceeding $750,000,000.

$600 Billion GNP by 1965?

INCREASE of 25 per cent ($121 billions) in gross national product (goods and services) by 1965, to a total of $600 billions, is predicted by Reuben Thorson, chairman executive committee, Paine, Webber, Jackson & Curtis, in a publication of the investment firm.

More Capital Changes

CAPITAL STRUCTURES were changed by a record 2,700 corporations in 1959 and investors straightway went into huddles with themselves on possible tax-savings. Most of the changes raised problems of how to adjust costs for distributions, how to set up new tax costs for stock distributed, and whether gain or loss was to be reported on exchange of securities.

Of interest to investors also were nontaxable cash dividends paid by 300 companies, says Commerce Clearing House, adding that source of payment determines exact status of such dividends, some wholly or partly tax-free or qualifying for long-term capital gain treatment.

PUBLIC AUTHORITIES

(Concluded from page 17)

It is only in those difficult cases when an authority goes beyond the rights given it by law and its indenture, or those cases where an authority runs short of money without having discharged its liabilities, that difficult questions arise.

Under these circumstances credit personnel must not expect to find in public authorities the same credit responsibility and enforceability that we are accustomed to find in business corporations.

Surety Companies' Status on Bonds

The Municipal Authority Act (Pennsylvania) requires specifically only a bond for performance, but in many court decisions surety companies have been presumed to be familiar with the Acts setting up authorities and so, if only a performance bond were given it is possible that the surety would be ordered to stand behind the labor and material **obligations.**

This analysis is by Robert L. Holden, assistant manager, Pittsburgh branch office, Hartford Accident and Indemnity Company, and surety representative on the insurance advisory committee of The Credit Association of Western Pennsylvania.

Get Written Assurance

"Almost without exception," Mr. Holden explains, "the performance bonds issued by surety companies today contain a clause which provides an obligation for it and its principal to meet the labor and material bills that shall accrue under the contract covered by such bond. However, I have seen bonds filed on rare occasions by other companies where the payment obligation is not included.

"In practice, the only real safeguard is to direct an inquiry to the solicitor for the municipal authority or the surety company in question to get either written assurance that the payment obligation is covered or a copy of the bond filed."

Experience is a wonderful thing. It enables you to recognize a mistake when you make it again.
—N. A. Rombe

Step Up Plant-Office Skills To Meet Competition: Zenner

Full automation of office work "will become the common denominator of successful business operations during the '60's," and competition in both the domestic and international markets will reach an intensity we have not yet known, declares Philip M. Zenner, president of Royal McBee Corporation, Port Chester, N.Y. "The most important places to meet such competition, even more important than the marketing area, will be in the plant and the office."

The head of the data processing equipment manufacturing company believes the industry "will soon see a year in which more electronic computers will be delivered than the total number of about 3,000 units installed during the six years since the first commercial installation early in 1954."

The McBee company recently introduced six new major products in the business machines field. These include the Royal Precision 9000 electronic computer system, the Royaltyper automatic typewriter, the new model Royal electric typewriter, the Royfax office copier. The Royal McBee 910 Computer to automate billing operations and the Royal Spacetronic form sensing typewriter were shown in the May issue CFM ("Modernizing the Office," p. 26).

With the introduction of the RPC-9000, Royal McBee now has three electronic computer systems in the low price field, Mr. Zenner notes. The RPC-9000, like the RPC-4000 introduced four months ago, and LGP-30, was developed by Royal Precision Corporation, Port Chester, N.Y., a subsidiary jointly owned by General Precision Equipment Corporation and Royal McBee. (Case history application of the LGP-30 appeared in CFM, Nov. 1959, p. 16.)

What this country needs is a vending machine that honors credit cards.
—Changing Times

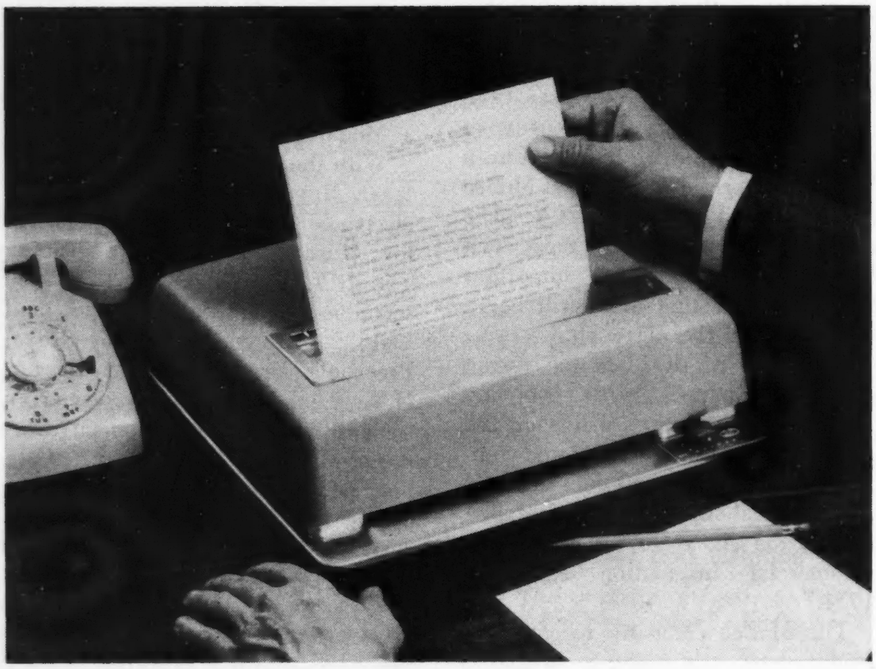
$1 Pay Floor Now New York Law

Governor Nelson A. Rockefeller has signed the bill, effective October 1st, which sets a statutory $1-an-hour minimum wage for New York State.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

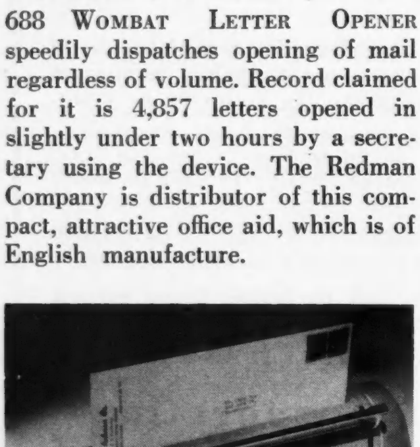
On-the-Spot Copying for Multiple Office Locations



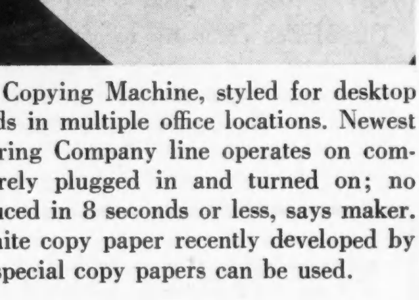
687 Lightweight Thermo-Fax COURIER Copying Machine, styled for desktop use, is especially useful for copying needs in multiple office locations. Newest unit of Minnesota Mining & Manufacturing Company line operates on completely dry all-electric principle, is merely plugged in and turned on; no chemicals are involved. Copies are produced in 8 seconds or less, says maker. Unit accommodates new bond-weight white copy paper recently developed by 3-M although any of several colored or special copy papers can be used.

Opens Letters Fast

688 WOMBAT LETTER OPENER speedily dispatches opening of mail regardless of volume. Record claimed for it is 4,857 letters opened in slightly under two hours by a secretary using the device. The Redman Company is distributor of this compact, attractive office aid, which is of English manufacture.



Write-by-Phone



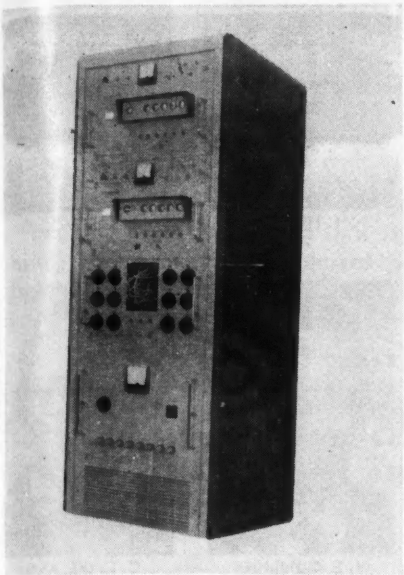
689 Comptometer Corporation's ELECTROWRITER transmits written messages or sketches to any point, however distant, over telephone or radio circuits. Transmitting party merely writes with ballpoint pen on plain or form paper. As pen is moved, the remote receiver or receivers instantly reproduce the copy as it has been written. Any number of instruments can be interconnected. Electrowriter systems can be used within plants or offices, for message service only or alternate written messages and voice service. No extraneous power supplies are required.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 44 East 23rd St., New York 10, N. Y.

New-Size Time Recorder

690 Model 114 automatic imprint 'in' and 'out' Time Recorder of STROMBERG TIME CORPORATION is designed for employers with small payrolls yet includes all essential features of larger recorders, maker points out. Device can accommodate varying number of employees on irregular work schedules. Installation is called simple as an electric clock. Day and time impression on each card is automatically printed and positioned. Vertical file time card racks and standard size time cards adaptable to diversified payroll periods are available.

High-Speed Data System



691 TELECORDEX Model 180 high-speed Data Accumulator and Recording system of Data Instruments, div. of Telecomputing Corporation, is a multiple input recording and indicating data accumulator which records and stores sequential measurement pulses. Block-programming system has capability to accept up to six independent data inputs through addition of individual module accumulator units. Bidirectional input pulses at rates up to 15,000 per sec. can be accepted. Output can be recorded by electric typewriter at 600 characters per min., by IBM Keypunch or Summary Punch at 50 cards per min., or by tape perforator.

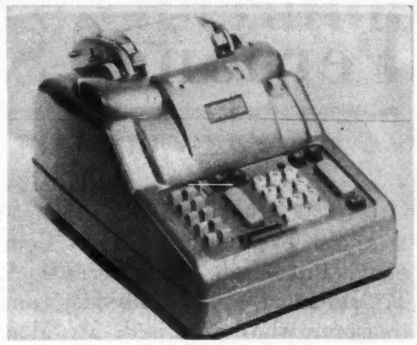
Magic-Eye Intercom

692 DICTOGRAPH PRODUCTS' fully transistorized Intercom System for executives features right-of-way priority, hands-free operation and newly developed "magic-eye" which indicates who is calling and automatically leaves a message. Red glow announces incoming calls. Handset can be added or mounted separately, for privacy when others are in room. Completely independent, system can be linked to central dictating facility, paging system or music distribution center. Conference circuit is standardized and incoming parties automatically signal themselves on the magic-eye as they join the conference.

Layout Previews

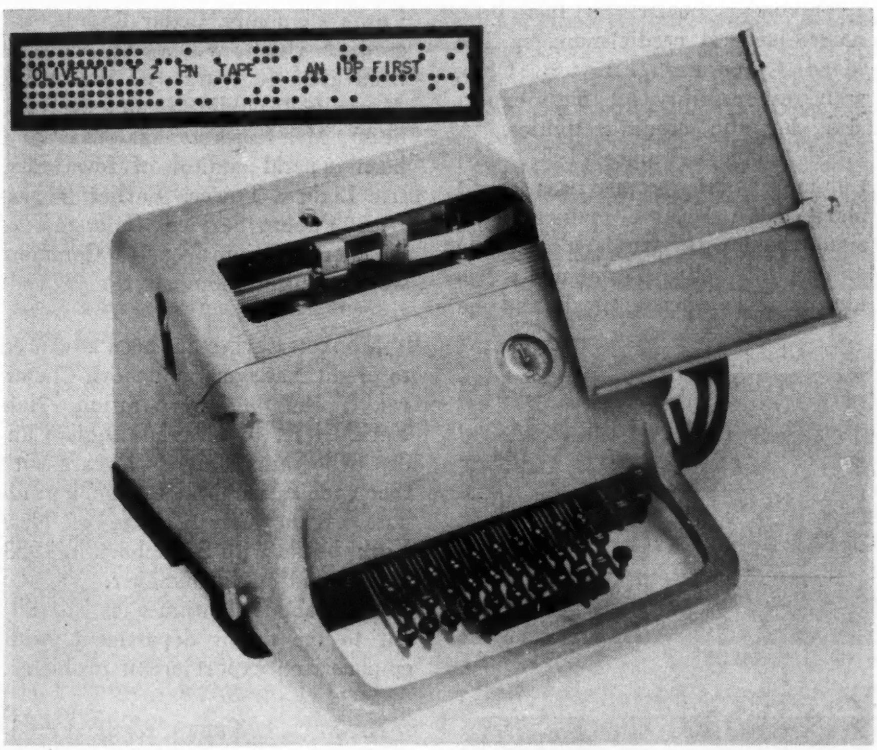
693 TECHNIPLANNER three-dimensional plastic scale models for office layout planning, by The Globe-Wernicke Co., eliminate guesswork, bring proposed layouts alive right on your desk. Limitations of pencil drawings and artists' conceptions are avoided because you can actually see the various grouping possibilities, select the one best tailored to your needs. Inspection is at Globe-Wernicke office furniture dealers.

Double-Duty Calculator



695 Constant feature, new digit indicator and improved correction bar enhance the usefulness of the Model 3541E Printing Calculator of ADDO-X INC. for many specialized applications such as invoice checking, percentages, duty and tax computations. The 3541E is actually two models in one: an efficient calculating machine and duplex adding machine. Other features include Grand Total, negative multiplication.

Printing Reperforator Teletypes onto Tape



694 Additional to being a full-capacity teletypewriter, the OLIVETTI-T2PN PRINTING REPERFORATOR, distributed by TELautograph Corporation, will produce typewritten messages on standard 11/16" five-channel punched tape. T2PN tapes are compatible with optical or electronic tape readers; the printed and perforated tapes can be stored under systems now used only for uninterpreted tapes. Fully compatible with existing teletypewriter circuits and machines, machine can be delivered for 60 or 75 wpm operation, with choice of 20 different keyboards; on rental or direct sales basis.

ON THE

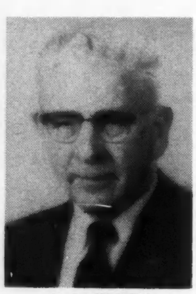
Personal Side

JOHN B. MENSING has been named treasurer The National Supply Company, Pittsburgh. He succeeds A. T. Huizinga, vice president and treasurer, who has retired. Mr. Mensing began with the company in 1919 as a clerk in the credit department of the general offices, then in Toledo. Assignments followed to Texas, Kansas and Pittsburgh. He was made assistant treasurer in 1944, adding the general credit manager post in 1945.

Mr. Huizinga started with National Supply in 1943, was named vice president and treasurer the following year. Earlier he had been with Harris Trust and Savings Bank, Chicago, and then assistant treasurer of Montgomery Ward & Company.

VICTOR E. CUMMINS has been named general credit manager The Mead Corporation, Dayton, Ohio, with responsibility for both export and domestic credit activities. A Mead employee since 1957, Mr. Cummins most recently was credit manager for Mead Containers Division, Cincinnati. He is a graduate of the University of Cincinnati evening college (accounting) and he holds the Fellow Award of the National Institute of Credit (1957). In the Cincinnati Association of Credit Management he has been a director since 1958.


M. G. HARDESTY


K. L. FRUEN


CONSTANTINE KEEN


MORTON LEVINE

C. LAMAR IRELAND has been promoted to assistant secretary and general credit manager, Gilman Paint & Varnish Company, Chattanooga, to succeed W. T. Hutson, retired. Mr. Ireland additionally is secretary and credit manager Gilman Wallcoverings, Inc., secretary and credit manager Gilman Buildings, Inc., and treasurer and credit manager Gilman Wallcoverings of Ga,. Inc. In the NACM Cherokee Unit he is first vice president.

MARSHALL G. HARDESTY has become treasurer Iowa Electric Light & Power Company, Cedar Rapids, succeeding Hugh W. White, who retired after 48 years with the utility. A certified public accountant (Illinois), Mr. Hardesty has since 1948 been general auditor of Iowa Electric Light & Power. Earlier he was with Public Service Company of Northern Illinois and Commonwealth Edison Company.

MORTON LEVINE has been advanced to credit manager Sonneborn Chemical & Refining Corporation, New York, N.Y., to succeed Louis Candee, who retired after 42 years with the organization. Mr. Levine, a graduate of the City College of New York, began with Sonneborn in 1953 as assistant credit manager.

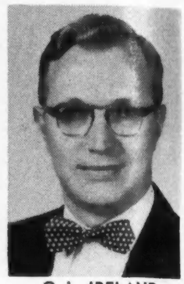
Mr. Candee continues as consultant to the credit department, with emphasis on export credit problems.

KENNETH L. FRUEN, regional credit manager of the Grocery Products Division, General Mills, Inc., at Park Ridge, Ill., is retiring after 35 years of service. Mr. Fruen, who attended the University of Minnesota and Babson Institute, joined General Mills in 1925 and was successively statistical clerk in Minneapolis, traveling auditor, Chicago credit manager, accounting assistant, Kansas City office manager, assistant to controller of Farm Service Division, credit manager mechanical division.


A. T. HUIZINGA


J. B. MENSING


V. E. CUMMINS


C. L. IRELAND

Mr. Fruen is a past president of the NACM Minneapolis association.

CONSTANTINE KEEN has been advanced from assistant credit manager to credit manager Fedders Corporation, Maspeth, N.Y. He succeeds Thomas Peck, recently named general manager of Fedders Financial Corporation.

R. P. KETTL has been advanced to general credit manager York Division, Borg-Warner Corporation, York, Pa. He had been manager of distributor credit and collections.

In other finance department promotions at the York division, O. F. OTTEN, manager of taxes, additionally became assistant secretary of the corporation, and J. E. SCHRANTZ advanced to manager, credit and collections, from manager of regional credit and collections. W. H. LEHR, formerly payroll supervisor, became supervisor, credit and collections.

ROY W. HEIMBURGER has become treasurer Grove Laboratories Incorporated, St. Louis. Earlier he had been controller Gaylord Container Corporation for 12 years. Following graduation from Washington University in 1932 he was employed by John J. Lang & Company and Ernst & Ernst.

Guides to Improve Executive Operation

KEEPING INFORMED

BUSINESS HORIZONS—As an aid to executive decision-making in a dynamic economy, editorial board of Indiana University faculty members and business executives make this publication a forum for singling out, defining and analyzing emergent business problems. Issued quarterly; one year $6, three years $12. For free inspection copy, write School of Business, Indiana University, Bloomington, Ind.

HOW TO HIRE TYPISTS—by Howard G. Martin—Leaflet outlines systematic approach to the problem: recruiting, screening, tests. For free copy, write to Martin Publishing Co., 3144 Fifth Ave., San Diego 3, Calif.

WRITTEN REPORTS: How to Improve Them in Your Company: should be of interest to organizations with employees who do large volume of writing. Booklet points out areas of waste: excessive time spent in writing reports and tendency to make them more complicated than need be, and tells how company can train employees to avoid these 'traps'. Free copy available from The Industrial Writing Institute, P.O. Box 4658, Cleveland 24, Ohio.

PERF-O-DATA PROCESSING, booklet of Cummins-Chicago Corporation, 48 pages, describes important new savings for banks to automate through company's line of automatic processing equipment: Perf-O-Writers to code documents, Perf-O-Sorters for sorting dual-coded documents, and Perf-O-Readers for intercoupling with present accounting machines. Ten flow charts are included. Cummins-Chicago Corp., 4740 North Ravenswood Ave., Chicago 40, Ill.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 44 East 23rd St., New York 10, N. Y.

EFFICIENCY TIPS

849—Simple instructions on how to multiply and divide with a standard adding machine are offered free by Victor Adding Machine Co. Examples show how method may be adapted to discounts, percentage division, payroll. Four-place reciprocal chart is included.

▼

850—Christmas greeting cards for business firms and goodwill advertising gifts are illustrated in colorful leaflet of Atlantic Advertising, Inc. Prices for imprint are given.

▼

851—How substantial savings can be effected through planned use of internal communications is described in booklet "11 Hidden Losses in Your Business," by Dictograph Products, Inc.

▼

852—For companies that use or may install register forms, opportunity is offered by Carteret Printing Co., Inc., to receive free register machine with purchase of forms. Write for details.

▼

853—"FACT—a New Business Language," simplified technique for automatically preparing electronic data processing programs with the Honeywell 800 computer, is explained in 94-page manual of Minneapolis-Honeywell, Datamatic Div.

▼

854—16-page booklet titled "The All-Purpose Copymaker," of American Photocopy Equipment Co. describes benefits of APECO photocopy equipment in wide range of businesses. Free.

▼

855—Banks, other business organizations will be interested in reusable-type coin banks by Contemporary Ceramics, which may be imprinted with slogan, name, other copy.

BOOK REVIEWS

INSURANCE PRINCIPLES AND PRACTICES—4th Edition.—by Robert Riegel and Jerome S. Miller. 876 pages. $7.95. Prentice-Hall, Inc., 70 Fifth Ave., New York, 11, N.Y.

• Every aspect of modern insurance is presented in this comprehensive volume, completely revised and covering latest developments in multiple-line policies, graded rates, new state legislation, new policy forms, and nuclear energy insurance. Here is both textbook and ready reference library in one volume, all introduced with a chapter on basic principles of insurance and what it does.

C.P.A. LAW REVIEW—Revised Edition, 1959. By Joseph L. Frascona. 942 pages. $10.80. Richard D. Irwin, Inc., Homewood, Ill.

• Here is all the information needed to anticipate the questions in the semiannual CPA examinations, know the law and prepare the answers in the form required by the examiners. Frequency chart lists the areas in which CPA law questions have been asked previously. Uniform Commercial Code as amended in 1958 is integrated into the text via footnotes for students in those states where the Code is in effect. Various legal forms are illustrated.

CORPORATION FINANCE—by Richards C. Osborn. 637 pages. $6.50. Harper & Brothers, 49 East 33rd St., New York 16, N.Y.

• In his text for the undergraduate, the professor of finance, University of Illinois, dwells at some length on the broader aspects and changes behind the modern corporation and has fashioned a work of educational value to students and financial managers alike. He devotes a chapter to the macroeconomic aspects.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

THE 35 YEARS ***of James B. McKelvy's service as secretary-manager of the Rocky Mountain Association of Credit Men were celebrated by 200 members and wives at an anniversary party, with E. B. Moran, NACM executive vice president, as guest speaker, and Fred L. Andrews, Davis Bros., Inc., paying tribute to Mr. and Mrs. McKelvy on behalf of the 24 past presidents in attendance and the association.***

Left to right: Raymond Erickson, United States National Bank of Denver, a director of National; Mr. Andrews; George Spillane, Beatrice Foods, president of the Rocky Mountain affiliate; Mr. McKelvy, and Mr. Moran.

Mr. McKelvy, who attended Denver University and Westminster Law School, was with the H. J. Heinz Company when invited to the association's secretary-managership. He holds the Congressional Service Medal, is chairman of the Colorado Collection Agency Board and chairman of Board 3, Selective Service.

Northern Wisconsin-Michigan Unit Has Third Credit Clinic

The Third Annual Credit Clinic, sponsored by the NACM Northern Wisconsin-Michigan Unit and National Institute of Credit Chapter at Green Bay, Wis., brought together executives from all cities in the area for a day of shirtsleeve study of subjects of special current importance to credit management.

Three clinics were conducted and all attending participated in each. The one deviation from the working program was a highlight of the closing dinner. "The Lighter Side of Pro Football" was the theme of Gary Knafelc, reminiscing on his six years of professional play, all with the Green Bay Packers. Mr. Knafelc is now in the insurance business.

After the call to order by F. E. Gajafsky, of The Larsen Company, Green Bay, president of the credit association, and introductions by Merrill Potter, Kimberly-Clark Corporation, Neenah, Wis., president of the Institute chapter, the three work groups went into action.

"Turn Today's Credit Problems into Profit" was the theme of Group I, with the following moderators: H. F. Loker, Valley Supply Corp., Neenah, and Herman J. Pomy, Marathon Division, American Can Co., Menasha, Wis.

Among subjects discussed were: when to help customers with working capital problems; how to encourage adherence to terms; how to use allowed unearned discounts to advantage; and when to need personal guaranties.

Louis F. Davis, secretary-manager of the Detroit Association of Credit Management, was moderator of analyses of extensions, compromise settlements, Chapter XI and bankruptcies, under the heading "Less Than 100 Per Cent".

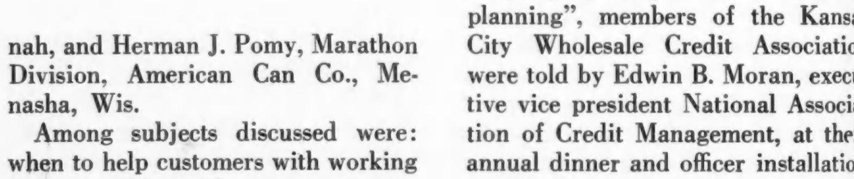
Discussion of "Human Relations" in credit operation involved "people we work with and for" and a case history. The moderators were Alan McGregor, personnel and employment representative of Marathon Division of American Can Co., and Edward W. Reed, personnel manager of Mirro Aluminum Co., Manitowoc.

Other officers of the Northern Wisconsin-Michigan association are Mark Goedjen, Green Bay Box Co., vice president; A. C. Hintz, Oshkosh Brewing Co., treasurer; G. F. Costello, Brillion Iron Works, councillor, and Ralph C. Creviston, secretary.

Credit Manager is Customer's Investment Counselor: Moran

Every sales-minded credit executive today is "counseling customers on how to meet the problems of the tight-money market and stock control, buying budgets and all financial planning", members of the Kansas City Wholesale Credit Association were told by Edwin B. Moran, executive vice president National Association of Credit Management, at their annual dinner and officer installation meeting.

"With knowledge of market conditions, the credit manager is an investment counselor to the customer and will guide him to increased turnover of working capital."



THREE MEMBERS of Portland Association of Credit Men, Inc., receiving Fellow Awards of National Institute of Credit. Left to right: William H. Phillips and D. G. von der Hellen of Union Oil Company of California; K. E. Weigant, Shell Oil Co.; and Catlin L. Lawson, Frigidaire Sales Corp., association president, who officiated.

Campe Is Oakland Secretary-Manager As Illness Causes Bugbee to Retire

Kenneth C. Bugbee, whose extended illness necessitated retirement after 17 years as secretary and executive vice president of the Wholesalers Credit Association of Oakland, was graduated from Colgate University in 1916 with a B.S. degree. He was a member of Phi Kappa Psi fraternity.

K. C. BUGBEE

For several years he was assistant purchasing agent for Stone & Webster and the Curtis Aeroplane and Motor Corporation of Buffalo, N.Y., his home town. He entered credit work in 1922 as office and credit manager of Ajax Tire and Rubber Company, then accepted a position with Dunlop Tire and Rubber Company, also of Buffalo, and soon was transferred to San Francisco as Pacific Coast credit and office manager.

When the company five years later changed to a policy of factory-owned cash and carry stores, Mr. Bugbee moved to Oakland. After several years as office and credit manager of a local truck body manufacturer, he in 1932 went with W. P. Fuller & Co., paint manufacturer and glass distributor, and was office and credit manager in Oakland for 11 years. In this period he was variously a director, vice president, president and treasurer of the Wholesalers Credit Association.

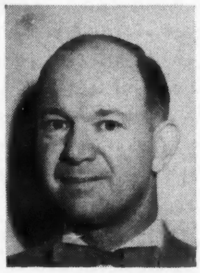
When secretary-manager Kenneth Thomson resigned in 1943 to take over management of the Cleveland Association, Mr. Bugbee was named to succeed him in Oakland.

He is a member of Rotary Club No. 3, the Athens Athletic Club, and is active in civic projects.

Mr. and Mrs. Bugbee have a daughter, and granddaughters.

It is easy to see through people who make spectacles of themselves.
—Washington Post

J. Harold (Hal) Campe, who in 1945 joined the staff of the Wholesalers Credit Association of Oakland as credit service manager, has taken on the duties of secretary-manager of the association following the retirement of Kenneth C. Bugbee due to ill health.



J. H. CAMPE

Mr. Campe, graduate of Oakland Technical High School where he was on the crew, played football, was newspaper sports editor and Senior class president, holds a B.S. degree in finance from the University of California (Varsity crew, intramural football, Junior class play, vice president Theta Chi fraternity). He is a graduate of the American Institute of Banking and has attended the NACM Graduate School of Credit and Financial Management (Stanford).

Nine years with the Wells Fargo Bank in San Francisco, he served in various departments including loans and credits. During World War II, as a marine electrician in essential industry, he specialized in radio and radar installations.

He has been active in the Oakland Junior and Senior Chambers of Commerce, United Crusade, Boy Scouts of America drives, and in the Oakland Herd of the Royal Order of Zebras.

The Campes have two sons, 15 and 17, the latter in the Marine Corps.

Banks' Farm Credit Lines Rise 7 Per Cent within Year

The average size of farm loans made by banks has increased in the past year and interest rates have advanced moderately, reports Harry W. Schaller, chairman of the agricultural commission of the American Bankers Association.

Farmers' capital requirements went up 400 per cent in average value in the last two decades and the average size of farm loans needed by commercial family farmers followed suit. In the last 12 months the average size of the lines of bank farm credit was 7 per cent greater than a year previous.

JOINT PROJECT ***of the Spokane Merchants Association, NACM affiliate, and the Spokane Retail Credit Association, this lobby display in the Davenport hotel drew wide attention at the Pacific Northwest Conference of Credit Executives. The theme of the display was, "Credit Turns the Wheels of Business." Said the official bulletin of the Spokane Chamber of Commerce, "The objective of the 'Industry of the Month' display, sponsored by the Chamber's industrial development bureau, is to draw attention to local firms and associations which play an important role in making Spokane tick."***

Backhus Named Cincinnati Secretary As Hunt Goes into Private Business

Norbert G. Backhus has been appointed secretary-manager of the Cincinnati Association of Credit Management, on resignation of Bill L. Hunt to enter private business.

N. G. BACKHUS

B. L. HUNT

Mr. Backhus has served in both the Service Bureau and the board of directors of the Cincinnati association, also on the Credit Club, evening meetings, and education committees.

For the last nine years Mr. Backhus has been collection manager of Trailmobile, Inc. Earlier he was associated with Advance Refrigeration as credit and collection manager and with Dun & Bradstreet. Prior to World War II service in the European Theatre he was with Hamilton County Mutual Insurance Companies, from clerk to fire and casualty insurance underwriter.

Mr. Backhus was educated at Xavier University, Chase College of Commerce, University of Cincinnati and International Business School.

Mr. and Mrs. Backhus and their four children live in suburban Deer Park, where he has been active in Junior Achievement.

Bill Hunt had been assistant manager of the Georgia Association before going to Cincinnati in late 1957 to succeed Harry W. Voss. In the Atlanta organization he had been manager of the collection department, then the adjustment division, prior to becoming assistant secretary in 1954.

Mr. Hunt, graduate of the University of North Carolina and Atlanta Law School, served in World War II.

Credit Executive Smooths Way For Sales Promotion: Moran

The efficient credit executive, in aiding sales promotion, "will temper factual data and credit reports with seasoned judgment, consideration of human factors, and sound counsel that will create confidence and appreciation by the customer, thus smoothing the way for the salesman", said Edwin B. Moran, guest speaker on "Managing Credit Profitably", at the annual meeting of the Chicago-Midwest Credit Management Association.

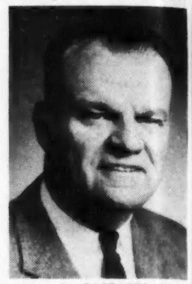
"The credit manager", declared the executive vice president of the National Association of Credit Management, "has great opportunities to serve as a business and customer counselor because of the nature of his contacts."

National's president, William L. Holmes, assistant treasurer of Schlumberger Well Surveying Corporation, Houston, outlined NACM progress in the past year.

Ralph E. Brown, vice president Marsh & McLennan, Inc., St. Louis, and vice president of NACM's Central Division, extended greetings.

A. A. Christian Secretary of Royal-Globe Insurance Units

Albert A. Christian, Summit, N.J., has been advanced to secretary for all companies of the Royal-Globe Insurance Group in New York City. He will have executive supervision of Fidelity and Surety operations nationwide.



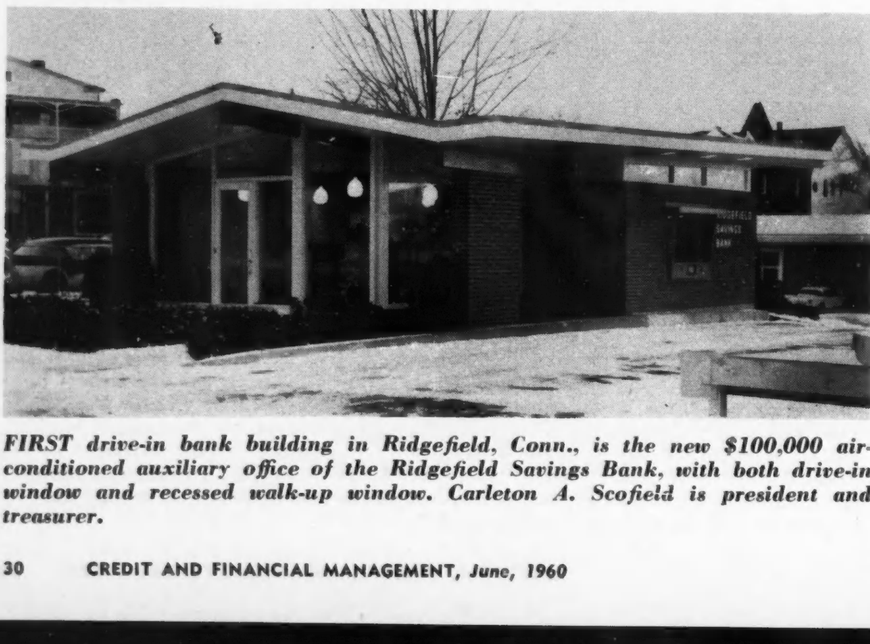
A. A. CHRISTIAN

Mr. Christian joined the Group in 1947 in Los Angeles as superintendent of the Fidelity and Surety department. In January, 1950, he was named manager of the Pacific Coast Bond department in San Francisco. Since 1955 he has been manager of the Fidelity and Surety department in New York. He is on the executive committee of the Surety Association of America.

Grand Rapids Credit Women Hold Full-Day Conference

Speakers at the morning session of the one-day credit conference sponsored by the education committee of the Grand Rapids Credit Women's Club were Lewis Klingman, chairman history department of Aquinas College, Grand Rapids, and Professor John VandenBerg of Calvin College, Grand Rapids, member Grand Rapids City Commission. Dr. Klingman's topic was "The 'You' in Success," and "Are the 60's Really Soaring?" set the theme for Professor VandenBerg's talk.

Seymour I. Rosenberg, attorney of Grand Haven and Muskegon, opened the afternoon session with a discussion of "The Dishonest Debtor in Bankruptcy." The conference closed with a talk by Mrs. Meredith B. Healy, Davenport Institute, on "Nancy Taylor Charm and Finishing Course." Miss Mary Ann Podell was chairman, assisted by Mrs. June Kosten, Grand Rapids Sectional Equipment, Mrs. David E. Peterson, Mrs. Paul E. Watson and Miss Phyllis McAvoy, Sackner Products, Inc.



FIRST drive-in bank building in Ridgefield, Conn., is the new $100,000 air-conditioned auxiliary office of the Ridgefield Savings Bank, with both drive-in window and recessed walk-up window. Carleton A. Scofield is president and treasurer.

Sidney Stein Named President New York Credit Association

Sidney A. Stein, president of Stein Factors Corporation, has been elected president of the New York Credit and Financial Management Association. Mr. Stein, first vice president two years, has been chairman of the National Fraud Prevention Committee, NACM, and is a director of National.

S. A. STEIN

Mr. Stein succeeds J. Joseph Brown, credit manager Leslie, Catlin & Co., Inc., in the New York association presidency.

Elected first vice president was Sydney L. Hammer, vice president Manufacturers Trust Company. Named vice presidents were Herbert K. Baskin, vice president Bankers Trust Company, and Harold E. Emrich, credit manager Woodward, Baldwin & Co., Inc. Gilbert H. Bush, general credit manager National Distillers and Chemical Corp., was re-elected vice president, and Dixon B. Griswold, assistant secretary McCann-Erickson & Co., Inc., treasurer. Mortimer J. Davis continues as executive vice president and Barrett R. Tanner secretary.

Elected directors for two years: Mr. Brown; W. C. Fine, credit manager The Sherwin-Williams Co.; Samuel Gartner, credit manager American Molasses Co.; W. J. Jantzen, regional vice president Chemical Bank New York Trust Co.; H. N. Lee, general credit manager Diamond National Corp.; J. J. Lynch, credit manager Prentice-Hall, Inc.; W. G. F. Price, vice president The Chase Manhattan Bank; M. D. Ryan, senior vice president National Bank of Westchester; E. W. Schulz, vice president L. F. Dommerich & Co., Inc.; J. R. Smith, vice president Deering, Milliken & Co., Inc.; W. F. Van Loan, assistant treasurer Norton, Lilly & Co., Inc.; J. H. Wendt, district financial manager Graybar Electric Co., Inc.; P. A. Zimmermann, assistant secretary The Surety Association of America, and Arthur S. Zisfein, credit manager Bestform Foundations, Inc.

An obstinate man does not hold opinions; they hold him.

—The Light

Personnel Mart

Credit Executive
Sales & Accounting Background

15 YEARS EXPERIENCE with large industrial corporation with over 100 branches and regional offices. General Credit Manager directing credit and collection activities. Supervised 50 credit men, established credit procedures. Versed in secured and unsecured selling to realize maximum volume. Sales-minded. Experienced in sales, office management, accounting. Age 38, married. Will travel. Prefer Southeastern U.S. Welcome opportunity to send resume and photo. CFM Box #501.

Diversified Experience

CREDIT MANAGER—Heavy credit administration. Diversified products, accounts well into six figures. Domestic and export. NACM Graduate School — Dartmouth '58. General Management experience. Age 36. Relocate, salary open. Write CFM Box #502 for resume.

Credit, Marketing and Research Executive

FIFTEEN YEARS experience as Manager, Credit Department, Assistant Secretary of 2 related corporations, fully qualified for top level management position, B.S. and M.S. degrees. Age 39, will relocate and travel. Write CFM Box #503.

WHEN John Fredell, director and counsel of NACM's Fraud Prevention Department, drove into Anderson, Indiana, to investigate a local bankruptcy, this sign greeted him. From the car he photographed the banner with the sub-miniature camera he always carries.

Fellow Award Examinations National Institute of Credit

The National Institute of Credit of the National Association of Credit Management will hold its annual Fellow Award examination June 6, 7 and 8.

Application blanks are available from the secretary-manager or education chairman of the local association.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

WETHERSFIELD, CONNECTICUT
June 14
Connecticut State Association Credit Conference

SAN ANTONIO, TEXAS
September 15-17
Annual Southwest Credit Conference, including Texas, Arizona, Arkansas, Louisiana, New Mexico and Oklahoma

FORT WAYNE, INDIANA
September 22-23
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

ST. PAUL, MINNESOTA
September 23-24
North Central Credit Conference including Minnesota, North Dakota, Manitoba

DENVER, COLORADO
September 25-28
46th Annual Fall Conference of Robert Morris Associates

NEW YORK, NEW YORK
September 29-30
New York Credit Management Workshop

NEW YORK, NEW YORK
October 9-12
36th Annual Conference of American Petroleum Credit Association

LOUISVILLE, KENTUCKY
October 14-16
Twentieth Annual Midwest Credit Women's Conference

PHOENIX, ARIZONA
October 17-19
Annual meeting of the Secretary-Managers of the local associations of the Western Division

DES MOINES, IOWA
October 19-21
Tri-State Credit Conference, representing Iowa, Nebraska and South Dakota

SAN DIEGO, CALIFORNIA
October 20-21
Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

BALTIMORE, MARYLAND
October 20-22
NACM Eastern Division Credit Conference

CINCINNATI, OHIO
October 27-28
Ohio Valley Regional Credit Conference, including Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

MEMBERS of the Utica Unit of NACM were guests at a joint meeting with the Mohawk Valley Chapter of the National Association of Accountants, at which Jerome J. Steiker, assistant vice president Lincoln Rochester Trust Company, was guest speaker. Left to right: Donald G. Hoffman, treasurer International Heater Corp.; Roy J. Hart, president of the accountants chapter; Mr. Steiker, and Arthur Mauthe, treasurer Durr Packing Company, Utica credit association president.

Do not resent growing old. Many are denied the privilege.
—N. A. Rombe

Martin Barahl Heads Detroit's Fraud Prevention Committee

Martin Barahl of Sterling Supply Company heads the Fraud Prevention Committee of the Detroit Association of Credit Management. Members of the committee are A. F. Billman, Detroit Edison Company; Stuart E. Hartsburgh of Hartsburgh & Weingarten; Maurice H. Schwartz, James Talcott Company; Paul F. Stapula, Detrex Chemical Industries, Inc.; and Steve J. Wittman, Shwayder Brothers, Inc.


MARTIN BARAHL

Ex-officio members are H. W. Dugdale, Shell Oil Company, president of the Detroit association; Norbert S. House of The Howard Zink Corporation, NACM director; Louis F. Davis, Detroit association secretary-manager; and Frank J. Hohman of the association, secretary to the committee.

John E. Holmes of Detroit, former special agent FBI, is investigator.

Efficiency Evaluations for a Decisive Decade Headline Clinic at Cincinnati

With "A Decisive Decade in Credit" as the theme, speakers at the seventh annual All-Day Credit Conference of the Cincinnati Association of Credit Management analyzed a number of the developments in credit and the economy that make it so.

Economic forecasts by Fred Amling, Ph. D., associate professor at Miami University, Oxford, Ohio, followed introductions by the association president, C. William Bowman, district credit manager of Kaiser Aluminum and Chemical Sales Company.

Leasing as "a modern financing concept" was described by J. A. Nickerson, treasurer of Southern Ohio Fabricators.

Fraud Prevention was the topic of John Farley, of Davis, Farley, Bramkamp and Groneman, attorneys.

Commercial financing and factoring for business progress were discussed by William L. Acker, vice president of Associates Investment Company, South Bend, Ind.

Practicable approaches for increasing credit department efficiency were presented by a panel, with Paul W. Cutshall, credit manager of South-Western Publishing Company, as moderator.


CONFERRING. The 1960 officers of the New Orleans Credit Men's Association meet with Edwin B. Moran, executive vice president National Association of Credit Management. (L to R) Mr. Moran; Fred L. Lozes, secretary-treasurer-manager of the New Orleans affiliate; president Joseph D. Sansoni, assistant secretary of Avondale Marine Ways, Inc., and vice president Wilbur J. Babin, assistant treasurer Geo. H. Lehleitner & Co., Inc.

Leading off with a checklist for evaluation was F. M. Hulbert, general credit manager Procter & Gamble Distributing Company, 1958-59 NACM vice president Central Division. After emphasizing the basic importance of establishing a credit policy, having the right personnel operate the department, being on a constant lookout for improved methods, and checking and rechecking the system, Mr. Hulbert presented specific questions in these categories:

Order handling, credit investigation, control of credit extension to large or questionable accounts, to small accounts, collections, sales cooperation, cash discount, accounts receivable information, credit lines, attorney and loss accounts, and credit reports.

Cummins, Nunlist, Erickson

Other aspects were reviewed by V. E. Cummins, general credit manager Mead Board Sales; Robert A. Nunlist, now general credit manager of Armco Division of Armco Steel Corporation; and H. L. Erickson, assistant vice president Fifth Third Union Trust Company.

Philip J. Gray, NACM secretary, and director of its foreign department, told the Ohioans that their state's share of U.S. international trade is $1 billion annually, that of the $100 billion world volume in 1957 the United States did one-fifth, of which Ohio accounted for 5 per cent.

Trade Is Two-Way Street

Calling international trade the road to peace and world understanding, Mr. Gray emphasized that it is a two-way street, with payment for needed imports as a vital reason for exports.

After discussion of human relations by Ralph Brown, Ph.D., University of Cincinnati, and "Credit Card Magic" by A. P. Koelling, president of the Credit Bureau of Cincinnati, the credit executives divided forces for participation in several workshops—on the handling of marginal accounts, credit and collection procedures, creditors' rights, and credit investigation.

J. A. EISEMAN

H. H. HODGES

Executives in the News

E. W. HILLMAN

H. C. MALLETT

Third Association Designates Philadelphia Banker President

Magnetic characters in banking are not restricted to printed symbols on documents. John A. Eiseman, assistant vice president in charge of the commercial department, The First Pennsylvania Banking & Trust Company, Philadelphia, recently was named president of The Credit Men's Association of Eastern Pennsylvania. In 1933 he was president Philadelphia chapter American Institute of Banking, in 1936 president Philadelphia chapter Robert Morris Associates.

Mr. Eiseman's career in banking dates from 1923 when he entered the credit department of Bank of North America & Trust Company, which through mergers has become The First Pennsylvania Banking & Trust Company.

E. W. Hillman Retires; H. C. Mallett Steps Up

Completing 51 years of business activity, 31 of them as secretary-treasurer of The Federal Glass Company, Columbus, Ohio, now a division of Federal Paper Board Company, Inc., Edmund W. Hillman has retired from the company. Harold C. Mallett advances to assistant treasurer.

Mr. Hillman, a 42-year member of the National Association of Credit Management, served as National director 1949-52. He also is past president of the Columbus Credit Association. Prior to going with Federal Glass he was for 11 years an official of Doubleday-Hill Electric Company, Pittsburgh. He plans to devote time to management of his apartment building properties and to travel.

Harold C. Mallett has been with Federal Glass since 1936 except for four years as pilot in the Air Force. He began in the payroll department, advancing to assistant paymaster in 1940. In 1952 he was transferred to the credit and finance department, subsequently adding the duties of office manager, with responsibility for setting up an integrated data processing system. Mr. Mallett is a graduate of Bliss College and attended Franklin "U". He holds the Executive Award, NACM Graduate School of Credit and Financial Management, Dartmouth, 1956.

Texas Treasurer Shows Ways To Spark Company's Sales

"Be alert to originate or to accept new financing methods that will stimulate sales." This counsel to Credit by Sam C. Scruggs, Jr. (CFM March 1960, p. 8) with programs spelled out, but pinpoints the overall-management thinking of the newly elected president of The Dallas Association of Credit Management, Inc. Mr. Scruggs, since 1955 secretary and treasurer of Carrier-Bock Company, went with the air conditioning organization in 1948 as office manager, following 19 years in the motor freight and construction fields.

Dallas-born Mr. Scruggs was educated at S.M.U. and Dallas College and holds the Fellow Award of the National Institute of Credit (1957).

North Florida Banker Active In Advancing Credit Liaison

Howard H. Hodges, assistant vice president in the commercial loan department of The Atlantic National Bank of Jacksonville, who has just been named president of NACM-Jacksonville Unit, is chairman of Robert Morris Associates committee on cooperation with finance and loan companies. He is founder and present secretary of Bank Credit Men of Jacksonville and instructor of American Institute of Banking courses.

A graduate of the School of Banking of the South (1954), Mr. Hodges has been with Atlantic National since 1941 except for three years with the Army in World War II.

Building Industry Executive Began in Small Town Banking

"A good collector makes for a good credit man," adjudges O. W. Sprouse, of W. D. Haden Company, Houston, recently named president of the Houston Association of Credit Management. Mr. Sprouse has a background of 14 years as credit manager of his present affiliation, preceded by 13 years with Commercial Credit Company.

Mr. Sprouse began his career with a smalltown Kansas bank, following graduation from the University of Kansas (1927).

S. C. SCRUGGS, JR.

O. W. SPROUSE